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REPORTAGE ON 34TH CEMA SESSION IN PRAGUE

TANJUG Views Session

AU171109 Belgrade TANJUG in English 0936 GMT 16 Jun 80

["On Eve of COMECON Session"--TANJUG headline]

[Text] Prague, June 16 (TANJUG)--The coordination of national plans for the next five-year period and a stronger stimulus to the economic integration process will be the main topics of the 34th session of the Council for Mutual Economic Assistance (COMECON) to open in Prague tomorrow. The delegations to the three-day session will be headed by COMECON member-countries' prime ministers.

This year's Prague session is held at an exceptionally grave economic moment for the whole group. The majority of member-countries, primarily those industrially stronger, did not succeed last year in attaining their economic plans. The early months of this year also indicate that this year's plans will be difficult of fulfillment, although they have been revised on many points. COMECON is obviously forced to be content with a slower development rate.

The gross national income of the grouping in the 1966-1970 period increased by 7.7 percent, and in the next period (until 1975) by 6.4 percent. For the period ending this year, it was planned to increase by only 4.4 percent. But, there is little chance that it will exceed 4 percent. It is similar with industrial production--it increased by 8.3 percent in the first period, by 7.7 in the second. A 5.1 percent increase has been planned for the current period, but it is highly probable that it will not be achieved. A substantial shortfall in agricultural production has led to unexpectedly large food imports and new debts to Western countries.

Due to the effects of the world economic crisis and many internal reasons, it is certain that the COMECON member-countries will have to reconcile themselves with still more modest economic ambitions in the forthcoming plan period, until 1985. The aim at the moment is to maintain the present level of the standard of living.

The Prague session will undoubtedly have to adopt a decision to step up bilateral and multilateral development programmes. However, consultations among the COMECON member-countries are slow, it is pointed out in Prague. The session is also attended by a delegation of the Yugoslav Federal Executive Council, as regulated by a special agreement between COMECON and Yugoslavia.

17 June Speakers Listed

LD172310 Prague CTK in English 1739 GMT 17 Jun 80

[Text] Prague--Heads of the delegations attending the 34th session of the Council for Mutual Economic Assistance appreciated in their speeches on Tuesday the activities of CEMA and the results achieved by member states in intensifying economic cooperation.

The speeches were delivered by Stanko Todorov of Bulgaria, Gyorgy Lazar of Hungary, Pham Van Dong of Vietnam, Willi Stoph of the G.D.R., Carlos Rafael Rodriguez of Cuba, Jambyn Batmonh of Mongolia, Edward Babiuch of Poland, Ilie Verdet of Romania, Aleksey Kosygin of the USSR and Branislav Ikonic of Yugoslavia. They paid considerable attention to joint efforts in implementing long-term target programs of cooperation.

The heads of the delegations expressed the determination of their countries to create necessary conditions for carrying out the resolutions which the 34th CEMA session will adopt, and for intensifying socialist economic integration as a necessary prerequisite for the growth of economic strength and authority of the socialist community. Head of the Czechoslovak delegation, Premier Lubomir Strougal, spoke in conclusion of the debate on the report of the CEMA Executive Committee. Representatives of countries which take part in the session as observers also took the floor Tuesday.

Strougal Opens Session

LD1711**2**4 Prague Domestic Service in Czech and Slovak 0800 GMT 17 Jun 80

[Speech by Lubomir Strougal, member of the CPCZ Central Committee Presidium and federal premier, at 34th CEMA session on 17 June in Prague--recorded]

[Text] Esteemed comrades, dear friends: I regard it as an honor to welcome all of you most cordially on the occasion of the opening of the 34th regular session of CEMA, which this year is meeting in the capital city of our socialist republic, in Prague. Right at the beginning, I want to assure you that for our part we shall do our utmost to ensure that our important deliberations are successful, and that you will feel at home in our country.

Allow me above all to greet you all most cordially on behalf of the CPCZ Central Committee, its general secretary and president of the republic, Comrade Gustav Husak, on behalf of the Government of the CSSR and all our people.

I welcome sincerely the delegation of the USSR led by Comrade Aleksey Nikolayevich Kosygin, member of the CPSU Central Committee Politburo and chairman of the Council of Ministers; the delegation of the Bulgarian People's Republic led by Comrade Stanko Todorov, member of the Bulgarian Communist Party Central Committee Politburo and chairman of the Council of Ministers; the delegation of the Hungarian People's Republic led by Comrade Gyorgy Lazar, member of the MSZMP Central Committee Politburo and chairman of the Council of Ministers; the delegation of the Socialist Republic of Vietnam led by Comrade Pham Van Dong, member of the Vietnamese Communist Party Central Committee Politburo and prime minister of the Socialist Republic of Vietnam; the delegation of the GDR led by Comrade Willi Stoph, member of the SED Central Committee Politburo and chairman of the Council of Ministers; the delegation of the Cuban Republic led by Comrade Carlos Rafael Rodriguez, member of the Cuban Communist Party Central Committee Politburo and vice president of the State Council and of the Council of Ministers of the Cuban Republic; the delegation of the Mongolian People's Republic led by Comrade Jambyn Batmonh, member of the MPRP Central Committee Politburo and chairman of the Council of Ministers; the delegation of the Polish People's Republic led by Comrade Edward Babiuch, member of the PZPR Central Committee Politburo and chairman of the Council of Ministers; the delegation of the Romanian Socialist Republic led by Comrade Ilie Verdet, Political Executive Committee member of the RCP Central Committee Presidium and prime minister of the Romanian Socialist Republic; the delegation of the Socialist Federal Republic of Yugoslavia led by Comrade Branislav Ikonic, vice president of the Federal Executive Council of the Socialist Federal Republic of Yugoslavia, who are attending our meeting on the basis of an agreement between CEMA and the Government of the Socialist Federal Republic of Yugoslavia.

With pleasure we greet the representatives of states attending our meeting as observers: for the Angolan People's Republic, Comrade Lopo do Nascimento minister of foreign trade; for the Afghan Democratic Republic, Comrade 'Ali Keshtmand, deputy chairman of the Revolutionary Council, vice premier and minister of planning.

We also greet observers from the People's Democratic Republic of Yemen, Comrade Faraj ibn Ghanim, minister of planning; for the Lao People's Democratic Republic, Comrade Khambou Soumisai, minister-chairman of the Committee for Organization, Labor and Wages; for socialist Ethiopia, Comrade Tekola Dejene, first deputy general secretary of the National Revolutionary Development Campaign and the Supreme Planning Council; for the People's Republic of Mozambique, Comrade Marcelino dos Santos, member of the Bureau of the FRELIMO Central Committee and secretary for economic affairs. We also welcome cordially Nikolay Vasilyevich Fadeyev, secretary of CEMA, his colleagues and all those participating in the meeting.

Esteemed comrades: Our meeting is taking place in the year in which we have been marking the 110th anniversary of the birth of the greatest man of the present epoch, Vladimir Ilich Lenin, whose revolutionary work shows the whole of progressive mankind, in a more and more attractive way, the way to the future. This is also confirmed by the 35 years that have elapsed since the historic victory over fascism by the Soviet Union and the countries of the anti-Hitlerite coalition over fascism, the strength and flourishing of our countries and of the whole socialist community. We are profoundly aware of the fact that only by further socioeconomic development of the countries of our community, the persistent struggle for peace, for a just basis in international relations and for cooperation among nations, can we maintain these results and consolidate and enlarge them further. In this sense we also appreciate the intentions and important initiatives that came out of the recent session of the Political Consultative Committee of the Warsaw Pact states, for they represent those necessary steps that have to be taken now.

The existence and the entire activity of our organization, CEMA, is a conclusive embodiment of the Leninist principles of relations among nations, and a convincing expression of socialist internationalism, the principled application of both national and internationalist interests and an important factor in achieving our common goals of building socialism and communism and strengthening peace in the whole world.

CEMA and its member states can say with satisfaction, on the threshold of the eighties, that the tasks they have set themselves for the 5-year period that is now drawing to a close will be fulfilled in their principal features. Our mutual cooperation and the deepening economic integration have proved themselves as factors of both dynamism and stability. They enable us to come to grips better with the complicated conditions of the current world economic development. At the same time, however, we also take into consideration the fact that the coming years will place new and more exacting demands on the economic activity of CEMA member countries, on their scientific bases, on the degree of technical advancement of production and its management. Fulfillment of these demands presupposes our ever closer mutual cooperation, both in tried and new forms. It calls for coordination aimed at realization of the most urgent actions of prime importance--the jointly agreed strategy for the eighties. In this connection, we deem it necessary once again to remind ourselves of the idea advanced by Leonid Ilich Brezhnev that it is necessary that the next two 5-year periods become a period of intensive scientific-technical cooperation, and cooperation in production and specialization. It is obvious that this direction represents one of the important factors of our long-term strategy. I am convinced that with this point of view in mind, we shall consider all questions on the agenda of our deliberations. I believe that by our common effort, we shall achieve results, which will signify further progress in the development of socialist economic integration and in our mutual cooperation.

Esteemed Comrades, I hereby declare the 34th CEMA session open.

CSSR AMBASSADOR KEBLUSEK ADDRESSES 239TH MBFR SESSION

AU171148 Bratislava PRAVDA in Slovak 13 Jun 80 p 7

[CTK report: "The West Is Disclaiming Its Own Proposals; From the 239th Plenary Meeting at the Vienna Talks"

[Text] The fundamental issue of the Vienna talks on the reduction of armed forces and armament in central Europe is at present the nature of the direct Western participants' commitments in the second stage of the reduction of armed forces and armament, and the "freezing" of the strength of their forces in the period between the two stages of the reduction procress. On precisely these factors the Soviet Union has based its willingness to reduce in the first stage the strength of its ground forces, which constitute approximately one half of the Warsaw Pact countries' contingents in central Europe, by twice as much as the United States.

That was declared at yesterday's 239th plenary meeting of the Vienna talks by the head of the Czechoslovak delegation Ambassador Emil Keblusek. The session was chaired by Eduard Molitor, the Luxembourg delegate. As a representative of the Czechoslovak delegation told the journalists, Ambassador Keblusek's address contained a list and an objective analysis of the major and substantial concessions made by the socialist countries at the talks on the reduction of armed forces and armament in central Europe to meet their Western partners halfway. There certainly exists a reliable basis for an agreement that would not upset the security of either side and that would at the same time permit a reduction of the level of military confrontation in the center of our continent, the Czechoslovak delegate declared. However, he had to note that in their latest proposals of 20 December 1979 the Western participants made a sharp reversal, thereby destroying the foundation that was to serve as a basis for further negotiations, disclaiming their own proposals and actually returning to their original positions.

As regards the attitude of the socialist countries, the Governments of the Polish People's Republic, the GDR and the CSSR are, according to the Czechoslovak ambassador, ready at any time to adopt specific, internationally legal commitments in an agreement on the first stage, on the basis of strict mutuality. The socialist states have never demanded that the Western partners' commitments should be higher than their own and do not demand it now.

Toward the end the head of the Czechoslovak delegation emphasized the practical importance of the extensive program of concrete actions aimed at promoting political detente and at ensuring progress in military detente and disarmament in Europe contained in the declaration of the Warsaw Pact states' Political Consultative Committee of May 1980. He said that instead of carefully analyzing the document the Western representatives are trying, by indulging in abstract reflections, to camouflage the concrete steps being undertaken by the NATO countries to intensify their war preparations. However, such an approach by the West cannot contribute to detente, to a reduction of the military confrontation and to strengthening stability, security and peace in central Europe and on the continent as a whole, the Czechoslovak delegate stressed.

SRV VICE PREMIER NGUYEN VAN LAM'S VISIT REPORTED

OW161701 Hanoi VNA in English 1623 GMT 16 Jun 80

[Text] Hanoi VNA June 16--Vice Premier Nguyen Van Lam, secretary of the Communist Party of Vietnam Central Committee and chairman of the State Planning Commission, visited Bulgaria from June 12 to 16.

During his stay, Nguyen Van Lam was received by Stanko Todorov, Political Bureau member of the Bulgarian Communist Party Central Committee and chairman of the Council of Ministers. Speaking to his guest, S. Todorov highlighted the militant solidarity between the parties, states and peoples of Bulgaria and Vietnam. He expressed profound feelings towards the Vietnamese people in the 30-year struggle against U.S. imperialism and in the present struggle against Chinese hegemonism for national defence. He spoke highly of the achievements in further developing the cooperation between the two countries in economy, science and technology at present and in the future. He asserted continued support and assistance to the Vietnamese people's socialist construction.

For his part, Nguyen Van Lam sincerely thanked the party, the government and the people of Bulgaria for their precious support and assistance to the Vietnamese people's anti-U.S. struggle in the past and to their socialist construction and struggle against Chinese expansionism and hegemonism at present.

Vice Premier Nguyen Van Lam held a talk with Deputy Chairman of the Bulgarian Council of Ministers Kiril Zarev. The talk took place in an atmosphere of comradeship and mutual understanding and trust. The two sides exchanged views on the cooperation of national economic planning between the two countries in 1981-1985 to further strengthen economic, scientific and technical cooperation and goods exchange between Vietnam and Bulgaria.

On June 13, Vice Premier Nguyen Van Lam and Deputy Chairman Kiril Zarev signed a document on the cooperation of national economic planning between the two countries in 1981-1985. The two sides agreed that in the coming 5 years Vietnam and Bulgaria would step up their cooperation in agriculture, food industry, forestry, light industry, engineering and geology, that Bulgaria would continue to build a number of important projects for economic development in Vietnam, that the volume of goods exchanged between Vietnam and Bulgaria in the coming years would be further increased.

During his stay in Bulgaria, Vice Premier Nguyen Van Lam visited a number of economic establishments in Sofia, Burgas and Varna.

VISITING GRENADAN LEADER COARD DISCUSSES FOREIGN RELATIONS

AU141421 Sofia BTA in English 0835 GMT 14 Jun 80

[Text] Sofia, June 14 (BTA)--"Anti-imperialism and a staunch support for the revolutionary process in the world--this is the principle underlying our entire foreign policy," said Mr B. Coard, deputy premier of Grenada and member of the Politburo of the New Jewel Movement Party in an interview with a BTA representative.

He said that the three imperialism-instigated attempts at counter-revolutionary riots in Granada have failed due to the mass popular support for the revolution, due to the revolutionary vigilance of the masses. "We are not afraid of threats, neither are we afraid of such actions as the infringement of our space and territorial waters, of which there were several instances in the last 14 months. We mobilized ourselves and though the threats were serious, we changed neither our internal nor external policy," added Mr Coard.

He regards the relations of Granada with Cuba and with the European socialist countries as essential for the development of the revolutionary process and for the economy of the country.

The Granadian leader said that in the sphere of the internal policy the country will continue to mobilize the masses, to channel their enthusiasm and energy for the further achievement of the goals of the revolution, to inspire the masses to work harder and to achieve higher productiveness and efficiency in the development of all spheres of the economic life of the country.

Mr Coard, who visited Bulgaria at the head of a party and government delegation of Grenada, expressed satisfaction with the establishment of diplomatic relations between the two countries and with the signing of agreements on trade, economic and technological cooperation.

Communique on Visit

AU101625 Sofia BTA in English 1450 GMT 10 Jun 80

[Text] Sofia, June 10 (BTA)--A communique on the visit of a government and party delegation of Grenada to Bulgaria was given for publication here today. The delegation visited Bulgaria from June 5 to 10, this year. The document states that during the talks with the Bulgarian delegation information on the tasks the BCP and the Bulgarian Government and the New Jewel Movement and the Revolutionary Government of Grenada are facing at present was exchanged. Discussed were the possible ways for development of bilateral relations in the political, economic and cultural sphere.

The document notes further that both parties to the talks expressed support for the peoples of Latin America and the Caribbean who fight against imperialism, for independence and social progress. Speaking of the victory of the revolutions in Grenada and Nicaragua, of the anti-imperialist revolutionary struggle of the people of El Salvador, the successes of the progressive forces in other states of that part of the world, the document points out that these changes are met in a hostile way by the U.S. imperialism who is trying to preserve its domination. The two parties to the talks, the announcement goes on to say, denounced the policy of the American imperialism who, escalating its military presence in the Caribbean, its hostile campaign against Cuba and its subversive actions against the democratic governments of other countries in that area, has created a new hotbed of tension in the world.

The Bulgarian side expressed solidarity with the struggle of the people of Grenada for the construction under the guidance of the people's revolutionary government of a new, free from exploitation society.

The delegation of Grenada it is pointed out in the document, assessed highly Bulgaria's successes, her principled and consistent foreign policy for relaxation of international tension, for peace and security in the Balkans, Europe and the world.

The delegation which visited here at the invitation of the CC of the BCP and the Bulgarian Government, was led by Mr Bernard Coard, member of the Politburo of the ruling New Jewel Movement Party, deputy prime minister and minister of planning and finance of Grenada. The Bulgarian delegation was led by Mr Kiril Zarev, member of the CC of the BCP, deputy-chairman of the Ministerial Council and chairman of the State Planning Committee.

BOZHINOV RECEIVES DENMARK'S TAXATION MINISTER

AU171945 Sofia BTA in English 1832 GMT 17 Jun 80

[Text] Sofia, June 17 (BTA)--Today Mr Todor Bozhinov, first deputy chairman of the Council of Ministers, received the minister for taxation of the Kingdom of Denmark, Karl Hjortnaes, who is here on a visit prompted by the signing of a convention on avoiding double taxation.

GROMYKO, CASTRO, LOPEZ PORTILLO RECEIVE DIMITROV PRIZE

AU171937 Sofia BTA in English 1835 GMT 17 Jun 80

[Text] Sofia, June 17, (BTA)--Andrey Gromyko, Fidel Castro, Jose Lopez Portillo and Charles Percy Snow are the new laureates of the Dimitrov Prize for Peace, Democracy and Social Progress. Today, on the eve of the 98th anniversary of the birth of Georgi Dimitrov, the State Council decree on the new laureates was issued. These awards were constituted in 1972, prompted by the 90th anniversary of Georgi Dimitrov's birth. They are conferred for social, political, research and creative activity towards backing up peace, democracy and social progress.

In the biographical references to the decree the great merits of Andrey Gromyko, member of the Politburo of the CC of the CPSU and minister of foreign affairs of the Soviet Union, for the consolidation and development of fraternal friendship, the political union and all-round relations between Bulgaria and the Soviet Union, are emphasized. Stress is laid also on his considerable contribution to the solidarity and unity of action of the socialist community countries, and on his years long active participation in the struggle for reducing international tension, for peace, security and social progress.

For Fidel Castro Ruz, first secretary of the CC of the Cuban Communist Party, president of the State Council and of the Council of Ministers of Cuba, apart from his great activity for Cuba's independence and her socialist development, stress is also laid on his authority as (?chairman) of the non-aligned country movement.

About the president of the United Mexican States Jose Lopez Portillo it is pointed out that he is pursuing an active and independent foreign policy for raising the role of Mexico in international life and for expanding the country's relations with the socialist states. Great is his contribution to the development of friendship and cooperation between Mexico and Bulgaria.

The British physicist and novelist Charles Percy Snow has a high authority for his merits in science and literature, for his progressive views on the structure of society and the social system. He is a great friend of Bulgaria where his books have been brought out more than once. C. P. Snow helps to propagate the Bulgarian socialist culture in Britain.

FATHERLAND FRONT PAPER OPENS OFFICE IN BELGRADE

AU160913 [Editorial Report] Sofia OTECHESTVEN FRONT in Bulgarian on 13 June on page 5 carries the 1,200-word "first report" by Dimitur Radkov, OTECHESTVEN FRONT correspondent in Belgrade, on the occasion of the establishment of the newspaper's office in Yugoslavia.

The reporter describes the activities of the SFRY Socialist Alliance of Working People (SAWPY) as a leading mass organization of the SFRY working people. He dwells on SAWPY's internal structure and leading organs' area of competences.

Describing the cooperation between the Bulgarian Fatherland Front and SAWPY Radkov points out:

"The relations and cooperation between Bulgaria's Fatherland Front and SAWPY were born during the struggle against fascism (then with its predecessor, the People's Liberation Front), and obtained a new impetus in recent years. An important aspect of this development were the meetings and talks of Pencho Kubadinski, BCP Central Committee Politburo member and chairman of the Fatherland Front National Council, and Todo Kurtovic, chairman of SAWPY Federal Conference, during the visit of Todo Kurtovic to Bulgaria in October 1979. These meetings and talks marked a new stage and were a concrete step toward further strengthening and developing the mutual relations between the two organizations in the interest of the two countries and peoples.

"In this area, the Bulgarian Fatherland Front will further be guided by the principles and tenets of Bulgaria's foreign policy aimed at developing mutual relations and good neighbourliness and strengthening the positive tendencies in our relations with the SFRY. This was categorically stressed also in the speech of Todor Zhivkov, BCP Central Committee first secretary and State Council chairman, at the 11 February meeting of the Fatherland Front National Council, when he again stressed our country's willingness to strengthen and develop relations with Yugoslavia on the basis of mutually advantageous cooperation and good neighbourliness, in the interest of the two peoples."

UN-SPONSORED INDUSTRIAL COOPERATION CONFERENCE ENDS

AU130951 Sofia BTA in English 0840 GMT 13 Jun 80

[Text] Plovdiv, June 13 (BTA)--The special session on the problems of the industrial joint production, organized here by the UN Economic Commission for Europe, ended late last night. Delegates of 17 European countries and the USA took part in it. Representatives of Japan and Morocco attended the session as observers and two UN organizations--the UNCTAD (UN Conference on Trade and Development) and UNIDO (UN Industrial Development Organization)--have sent their representatives there in the same capacity.

In the course of three days the papers and reports made by the economic commission and by single delegates were heard. Discussed were the problems of industrial joint production between the states and especially the problems of the joint ventures, joint production, joint marketing, the cooperation on third markets, including trilateral contacts.

In the document on the session approved by the delegates some recommendations aimed at stepping up the industrial joint production between the states were made.

BTA DENIES ALLEGATIONS OF ARMS TRADING WITH SOUTH AFRICA

AU162008 Sofia BTA in English 1840 GMT 16 Jun 80

["BTA announcement"]

[Text] Sofia, June 16 (BTA)--Recently some Western mass media reported that the People's Republic of Bulgaria had been supplying the Republic of South Africa with arms. On this occasion the BULGARIAN TELEGRAPH AGENCY contacted competent Bulgarian bodies to comment on this. In this connection BTA was authorized to declare the following:

1. The People's Republic of Bulgaria was one of the initiators and co-authors, of the UN resolution condemning the regime of racial [word indistinct] apartheid in the Republic of South Africa, insisting on the break of all relations with it and on the imposition of sanctions.

2. The People's Republic of Bulgaria has always been strictly observing the respective decisions of the Security Council, of the UN General Assembly, and of the specialized international bodies and organizations within the system of the United Nations. She has not maintained and does not maintain any contacts with the criminal regime of South Africa.

3. Against this background the above-mentioned reports cannot be assessed otherwise than as one more deliberate slander seeking to discredit the consistent and firm policy conducted by the People's Republic of Bulgaria in support of the national liberation movements in Africa and in other parts of the world.

4. Such allegations, made not for the first time by interested imperialist centers, have always turned out to be gross fabrications. There is no doubt that this latest attempt at vilifying our country will fail as ignominously as have all the previous.

ZHIVKOV, LEADERS ATTEND LAZAROV FUNERAL

AU161934 Sofia Domestic Service in Bulgarian 1730 GMT 16 Jun 80

[Summary] The Bulgarian public has parted with Prof Kiril Lazarov, BCP Central Committee member, National Assembly deputy and hero of socialist labor, who recently died.

"At his funeral ceremony Comrades Todor Zhivkov; Grisha Filipov; Stoyan Karadzhov; Misho Mishev; Chudomir Aleksandrov, first secretary of the Sofia city party committee; and many public figures and cultural leaders stood as guards of honor at the central club of the People's Army where Prof Lazarov's body lay in state."

At the Sofia central cemetery Prof Stoyan Karadzhov delivered a commemorative speech on the life and accomplishments of Prof Kiril Lazarov, who was a veteran of the old revolutionary generation and devoted a great part of his life to the heroic struggle against fascism and capitalism and for the construction of socialism in Bulgaria.

HULA WRITES ON COORDINATION OF CSSR, USSR ECONOMIC PLANS

AU170845 Prague RUDE PRAVO in Czech 13 Jun 80 p 3

[Article by Vaclav Hula, CPCZ Central Committee Presidium member, deputy premier and chairman of the State Planning Commission: "Further Development of Economic Cooperation With the Soviet Union"]

[Excerpts] The solution of all fundamental problems concerning the development of the Czechoslovak economy in the conditions of building an advanced socialist society is increasingly dependent on our participation in the international socialist division of labor, in the CEMA countries' program of socialist economic integration. Of decisive importance is the close coordination between our economy and the economy of the Soviet Union with its powerful scientific-technical and production potential and great natural wealth.

The multifaceted strengthening of our alliance and friendship with the Soviet Union, which forms the backbone of our foreign policy, creates a solid base on which we can rely in deepening our mutual economic relations.

Due to its extent and structure, economic cooperation with the Soviet Union, which we view as one of the decisive guarantees of our socialist development in the future, plays a key role in ensuring the development of our economy. It allows us on a long-term basis to effectively structure our economy, to solve problems connected with raw materials and energy and to create the best possible conditions for the development of entire branches and sectors.

The intensification of Czechoslovak-Soviet economic cooperation is a permanent line on which we will rely in formulating and implementing the plans for the further development of our socialist homeland.

Both sides are now concentrating--in harmony with the intentions of the comprehensive program of socialist economic integration--on the development and gradual implementation of higher forms of cooperation, which are of decisive importance especially for the solution of long-term problems and for a more pronounced application of science and technology, both on a multilateral and bilateral basis.

Important Milestones in the Joint Course

Among the higher forms of cooperation is the adoption of bilateral and multilateral agreements, on the basis of which the CSSR participates--by exporting its products--in the development of, above all, raw material, fuel and energy resources on the territory of the USSR. These agreements include for instance cooperation agreements on the construction of the Soyuz long-distance gas pipeline, on the Kiyembayevskiy combine for the extraction and processing of asbestos, on facilities for the processing of iron ores, on the Khmelnitskaya nuclear power station and other accords ensuring for the CSSR contracted deliveries of important raw materials, fuels and power.

A manifestation of the great understanding the CPSU Central Committee and the USSR Government show for the needs of Czechoslovak economic development is the implementation of the treaty on the basis of which the Soviet Union extends to the CSSR assistance in the development of nuclear power engineering.. [paragraph continues]

The commissioning of the second 440 megawatt power bloc and thus the completion of construction of the first Czechoslovak industrial nuclear power plant V1 in Jaslovske Bohunice became a new symbol of Czechoslovak-Soviet cooperation. The Soviet assistance in the development of our nuclear power sector is all the more important when we consider that by the beginning of the second half of the next 5-year plan virtually all incremental increases in CSSR electricity production will be covered by nuclear power stations.

Of quite extraordinary significance is the long-term program of production specialization and cooperation, signed this March by the CSSR and the USSR. The program stipulates the goals, forms and main tasks of cooperation in production, research, development and in mastering advanced technologies for 19 branches and sectors of the two countries' industries. The 28 agreements on production specialization and cooperation that have already been signed and are being implemented will be gradually joined by additional agreements, which will allow us to shape cooperation in the respective areas and to base it on a long-term, programmatic foundation. This joint course will be based broadly on the application of the results of science and technical development and on their introduction into practice, with the objective of achieving a high technological standard of products manufactured within the framework of specialized production. For a number of kinds of production we envisage joint research and development of new machinery and equipment and a joint mastering of advanced technological processes and technological facilities.

We ascribe particular significance to scientific-technical cooperation. At present there is virtually no area in which the two sides do not exchange technical documentation, blueprints and new technological processes. In the last 30 years for instance the CSSR acquired from the Soviet Union more than 8,500 sets of technical documentation; the CSSR itself submitted to the Soviet Union about 6,500 such sets. The joint solution of a number of scientific-technical tasks made it possible to shorten the research and development phase, to develop and introduce into practice machines that had not been manufactured before or to improve the technological standard of existing machinery. The savings thus achieved have been reflected in higher efficiency of both science and research and of production itself.

The extent of our cooperation is demonstrated by the fact that the Soviet Union accounts for about one third of our foreign trade. In the last 10 years the volume of the mutual exchange of goods has more than doubled. Imports from the Soviets cover more than 90 percent of the CSSR consumption of crude oil and a full 100 percent of its consumption of natural gas. Engineering plays a very important role in the exchange of goods. In the USSR, Czechoslovak deliveries now account for about 10 percent of imported machinery and equipment. In 1979 machinery and equipment accounted for more than 63 percent of Czechoslovak exports to the USSR and for almost 30 percent of CSSR imports. Industrial consumer goods are the second most important item among Czechoslovak exports. In 1979 they accounted for more than 20 percent of all Czechoslovak exports to the USSR.

Despite the dynamic development in the application of higher forms of cooperation there still exist untapped reserves for a further even more rapid development of production specialization and cooperation and for intensifying Czechoslovak-Soviet economic relations. However, this requires that all economic bodies and organizations make a more active and intensive use of the objective possibilities and conditions. The extent and the forms of such cooperation must be, above all, in accordance with the criteria of the broadest possible application of scientific-technical development and the maximum utilization of the sources of fuel, power, raw materials and other materials and with the requirement to raise efficiency.

Efficiency and Quality Are the Goal

The main directions of the plan-based development of Czechoslovak-Soviet economic relations for the next 5-year period contained in the protocol on the coordination of plans that was signed in Moscow on 12 June proceed both from the long-term relations between the CSSR and the USSR in the past years and from the measures for the long-range common course of action represented especially by the long-term target programs of economic cooperation. The coordination of national economic plans is based on the previous negotiations and agreements aimed at a closer interlinking of the CSSR and the USSR national economies. The coordination of plans is directly tied up with the implementation of the long-term program of production specialization and cooperation between our countries.

The measures agreed upon in coordinating the plans will make it possible for the mutual exchange of goods between the CSSR and the USSR in the 1981-85 period to increase 36 percent 'n comparison with the 1975-80 period, and to reach R40 billion.

Mutual deliveries of machinery and equipment will increase 45 percent. On the basis of the agreement on production specialization and cooperation the CSSR will substantially increase its deliveries of equipment for the chemical, oil and gas industries, of electric locomotives, machinery and equipment for the light and food industries, Tatra trucks, machine tools and forming machines and of equipment for the control of technological processes. The traditional deliveries of rolling facilities, streetcars and trolleybuses, technical vessels and ship engines will continue at the same time. The Soviet Union will markedly expand the volume of the extended technical assistance and of deliveries of equipment for the development of the Czechoslovak energy sector, for the chemical industry, for reconstruction in the metallurgical industry and for the construction of the Prague subway. The deliveries of products of the electrotechnical industry and of machine tools will be increased and the deliveries of passenger cars, trucks, airplanes and agricultural, construction and road construction machinery will continue.

As regards the chemical industry we will deliver to the Soviet Union in exchange for products placing high demands on energy--in the year 1983 for instance we will receive 105,000 tons of chemical fertilizers, 50,000 tons of methanol and 10,000 tons of high-pressure polyethylene--products that are less demanding as far as energy consumption is concerned such as dyes and varnishes, optical bleaching agents and pure chemicals.

The deliveries of raw materials, fuels and energy will be very important for ensuring the further development of the Czechoslovak economy. The Soviet Union will provide them for us even though it must overcome complicated conditions stemming from the fact that the newly opened deposits are located in increasingly distant regions with difficult climatic conditions, which entails increased costs for extraction, processing, transportation and acquisition of manpower. After 1980 the Soviet Union will be annually delievering to us 18.8 million tons of crude oil and 8.4 billion cubic meters of natural gas. In 1985 the deliveries of electricity will reach 4 billion kilowatt hours, on the basis of our participation in the construction of the Khmelnitskaya nuclear power station. The intensification of cooperation in the sphere of science and technology occupies a significant place among the results of the coordination of plans. It will enable a concentration of the scientific-technical capacities and will create prerequisites for shortening the time required for the solution of decisive tasks and for the speedy introduction of the attained results into production practice. [paragraph continues]

The most up-to-date tasks of the cooperation and coordinated course in the sphere of science and technical development will be to raise efficiency and quality. We particularly want to reduce material costs, develop and put into production new types of machinery and equipment, master modern technological processes and increase the technical standard of products. In the next 5-year period we will also rely on the Soviet Union's experiences and comprehensive assistance in building and ensuring the operation of the Prague subway.

To Fill the Agreement With Deeds

The measures agreed upon in coordinating the plans are the result of exacting work, in which central planning bodies, sectors, but also economic production units and some of the two countries' enterprises as well as the working groups of the intergovernmental Czechoslovak-Soviet Commission for Economic and Scientific-Technical Cooperation took part. The protocol does not preclude the search for other ways to deepen economic cooperation between the CSSR and the USSR and expand the exchange of goods in the next 5-year plan or on a longer term basis. The two countries will now proceed in such a way as to specify in good time the conclusions contained in the protocol and to clarify in good time deliveries in terms of their volume, quality, structure and envisaged deadlines. The importance of the Czechoslovak side's individual commitments requires that all central bodies, sectors and the decisive economic production units adopt with full responsibility the necessary measures to ensure the commitments are met in the CSSR and that they make extraordinary efforts to implement these measures. This is all the more urgent because the implementation of the results of the coordination of plans between the CSSR and the USSR for the 1981-85 period will be among the decisive prerequisites for us to achieve--even under the complicated and demanding conditions of the development on the world markets--the goals that will be laid down by the Seventh 5-Year Plan for the further development of the national economy.

The protocol on the coordination of plans between the CSSR and the USSR is a significant political and economic document. Along with other agreements it constitutes an important factor in drawing our economy closer to the economy of the Soviet Union, creates good prospects for our economic relations and expresses the two countries' determination to unite their material resources and their scientific-technical and production potential for the joint solution of their great national economic tasks and for accelerating the intergration process of our economies. This again documents the invaluable concern of the Soviet Union for the solution of problems confronting the development of our economy and proves anew that in implementing the goals of the CPCZ's economic policy we will be able to rely on cooperation with the Soviet Union.

CPCZ'S BILAK LEAVES FOR VISIT TO HUNGARY

LD171046 Prague CTK in English 0951 GMT 17 Jun 80

[Text] Prague--Czechoslovak Communist Party Presidium member and Central Committee Secretary Vasil Bilak left for Budapest on Tuesday at the invitation of the Hungarian Socialist Workers' Party Central Committee.

BRIEFS

OSTRAVA AIRPORT CLOSED--Due to runway repairs, Ostrava airport will be closed to air traffic from 30 June to 6 July; from 7 to 21 July it will be open to traffic from 1800 in the evening to 0800 in the morning. [Prague RUDE PRAVO in Czech 17 Jun 80 p 2 AU]

LEUSCHNER COMMENTS ON SALT, AFGHANISTAN

DW171500 East Berlin Domestic Service in German 1712 GMT 16 Jun 80

[Guenter Leuschner weekly review: "The World Yesterday, Today and Tomorrow"]

[Text] Good evening, dear listeners. A year ago the day after tomorrow an event took place in Vienna which we all welcomed with much joy and satisfaction: the signing of the second Soviet-U.S. treaty on strategic arms limitation, which is generally termed SALT II. After 7 years of long negotiations, after some very serious setbacks, an agreement was finally reached on which many hopes were pinned. These hopes were justified by the contents. Both sides committed themselves to limit the number of their most dangerous weapons. They pledged certain qualitative limitations and it was the first time that all strategic weapons were included in such an arms limitation agreement. Undoubtedly SALT II represents considerable progress as compared to SALT I. But above all, this treaty guarantees the preservation of the military balance in the most important weapons, the strategic nuclear arms.

There was an additional reason for such hopes. The long duration of the SALT II negotiations, and the uncertainty about whether it would really come about had a negative effect on other disarmament talks, had brought things to a halt. Now, it was hoped, the signing in Vienna would also accelerate the speed of other negotiations. And lastly, SALT II and its coming into effect following ratification was the basis for farther-reaching SALT III negotiations. Considering, in addition, that the Soviet-U.S. summit meeting took place at a time when discussions in the United States on the continuation or non-continuation of detente policy had already become very heated, people were right to set hopes on this day, 18 June 1979.

For the very reason that the significance of SALT II reaches far beyond its contents, the responsibility of those is all the greater who in the following year frustrated these hopes. The treaty is still not in force and this is solely the fault of the United States. It is not only the fault of those congressmen who did not want SALT and the deepening of detente. After all, it was the U.S. President who said on 18 June 1979 that we must not interrupt or endanger the process initiated by SALT II, and who half a year later did just that by asking Congress to suspend the ratification discussions. The so-called hawks in Washington could not have found better support than this presidential statement.

It is worthwhile recalling these 6 months between June and December 1979, the months of the great hassle in the United States about SALT, the arguments of the treaty opponents. What was it that they disliked? It was not so much the individual paragraphs but the basic idea of the stabilization of the military balance. Their tactic in the Congressional debates went accordingly. They said that either SALT should be vetoed or approval should be linked to an intensification of the arms race in all fields which are not expressly contained in SALT. The move by a group of congressmen to link the approval of SALT to the consent by the government to an increase in the U.S. military budget of 5 percent annually in real terms was the concentrated expression of this tactic which naturally amounted to an undermining of the political spirit of the treaty. Again it was typical that the President agreed to this and other demands.

This inability to put up with the existing military balance was the essence of the SALT debate in the United States. It also is the reason for NATO's missile decision of December last year as well as the ultimate reason for the intensified course of confrontation by the Washington government in the first 6 months of 1980.

The Stockholm peace research institute, which certainly cannot be considered procommunist, in its annual report last year came to the conclusion that the development of new accurate weapons, including Pershing II and Trident II, would enable the United States to neutralize the Soviet nuclear strike force by a nuclear first strike. Apart from the fact that naturally we will be able to prevent it from reaching this goal, the goal itself will remain the same and will continue to be the real reason for the strained international situation.

Of course, SALT II does not fit into a concept of a first strike. Does all this mean that the hopeful signals of last summer are extinguished? Despite all I said earlier, I do not share such a pessimism. Though the statement President Carter made recently that he had not given up hopes for a continuation of the SALT process may be considered an empty phrase, it does show even if it is only intended as a reassurance for those who worry, that concern in and outside the United States over the consequences of an unlimited arms race is growing. In the long run the mere fact that SALT, once it is in force, will offer more security to all nations cannot be dismissed, not even by hysteria. In a Soviet commentary on the prospects for SALT II I read recently that the lights in the United States are still amber, but to make these amber lights turn green and to make the U.S. President's empty phrase turn into a clear confirmation of his signature in Vienna, great efforts will have to be undertaken.

Let me say a few words on two events where mass media play a role. There is, on the one hand, Afghanistan. All Western media reported last week in detail on the decisive battle which allegedly took place around Kabul. These reports filled the pages of newspapers and newscasts and led to a new anti-Soviet fervor. After 2 days the soap bubble burst. There was no battle. It was all a lie and the lie could not be sustained.

The second event: Since Friday there have been reports in the West that the Thai Government intended to return tens of thousands of Kampuchean refugees to Kampuchea, that the Phnom Penh government refused to receive them and would possibly use force against the refugees. What also is known but is not said is the background of the event. These Kampucheans are not refugees but Pol Pot people, who, partly armed, in this way are to be rechanneled to Kampuchea from camps in Thailand. Negotiations on an orderly return of the real refugees, negotiations with the Kampuchean authorities, were rejected by the Bangkok government, so the state of affairs is quite different, only it does not fit into the framework of certain anticommunist objectives.

Let us refer once more to the battle of Kabul which did not take place. The question is why do people resort almost madly to such dubious stories which every journalist there who knows his job considers false? The point here is not errors, but the fact that the myth is under any circumstances to be kept alive, a myth on which a policy of cold war was built in 6 months. Opinion polls in the FRG show, for instance, that this myth has started to crumble in the minds of the people. The effect of the narcotic is subsiding. Therefore, the injection must be repeated to prevent the patient from recovering consiousness. Special responsibility in critical situations certainly and not lastly also holds true for journalists. Why do they in the West forget it so often? Good evening.

HONECKER SCHEDULES 'OFFICIAL FRIENDSHIP VISIT' TO ROMANIA

LD171455 East Berlin ADN International Service in German 1408 GMT 17 Jun 80

[Text] Berlin--At the invitation of the Romanian Communist Party Central Committee, the Council of State of Romania and Nicolae Ceausescu, secretary general of the Romanian central party and the country's president, a GDR party and state delegation will pay an official friendship visit to Romania in the second half of June 1980.

The delegation will be led by general secretary of the SED Central Committee and chairman of the GDR Council of State Erich Honecker.

VERNER RECEIVES CPSU CENTRAL COMMITTEE DELEGATION

AU170855 East Berlin NEUES DEUTSCHLAND in German 14-15 Jun 80 p 6

[Summary] Berlin (ADN)--Paul Verner, SED Central Committee secretary and Politburo member, received a CPSU Central Committee delegation headed by B.R. Yakovlev, head of the Central Committee Department of Letters, on Friday, 13 June for an exchange of views on the SED's experience in answering citizen correspondence. The careful evaluation of such correspondence is an expression of socialist democracy and of the party's permanent link with the workers class and all the people. The talk was attended by G.N. Gorinovitch, charge d'affaires ad interim of the USSR in the GDR.

GRUENEBERG RECEIVES USSR AGRICULTURAL DELEGATION

AU170957 East Berlin NEUES DEUTSCHLAND in German 14-15 Jun 80 p 2

[Summary] Gerhard Gruenberg, SED Central Committee secretary and Poliburo member, on Friday received a delegation of the USSR Agriculture Ministry headed by CPSU Central Committee Member V.P. Nikonov, deputy USSR agriculture minister and head of the all union association for agrochemistry. Grueneberg briefed the Soviet guests on the SED Central Committee's 12th meeting, the GDR's contribution to the securing of peace, detente and disarmament and the preparation of the SED's 10th Party Congress. The talk which took place in a cordial atmosphere was also attended by Heinz Kuhrig, GDR minister for agriculture, forestry and foodstuffs.

The Soviet delegation which comprises the deputy agriculture ministers of all the union republics, is studying the tasks and working methods of the agrochemical sector in the GDR's agriculture.

STOPH, HONECKER RECEIVE OUTGOING U.S. AMBASSADOR

Received by Stoph

AU170856 East Berlin NEUES DEUTSCHLAND in German 14-15 Jun 80 p 2

[Text] Berlin (ADN)--GDR Council of Ministers Chairman Willi Stoph, member of the SED Central Committee Politburo, on 13 June received the ambassador extraordinary and plenipotentiary of the United States, David B. Bolen, and the ambassador extraordinary and plenipotentiary of Tunisia, Moncef Jaafar, for a last visit.

Received by Honecker

LD171646 East Berlin ADN International Service in German 1438 GMT 17 Jun 80

[Text] Berlin--Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR Council of State, today received David B. Bolen, ambassador extraordinary and plenipotentiary of the United States, for a farewell visit. During the talk the development of mutual relations was discussed. Erich Honecker underlined that it was beneficial for the continuation of detente to refrain from anything which could lead to a heightening of the international situation. He thanked Ambassador Bolen for his work and asked him to convey greetings to President Carter.

COMMUNIQUE ISSUED ON CYPRIOT PRESIDENT'S VISIT

NC141255 Nicosia PUBLIC INFORMATION OFFICE in English 14 Jun 80

[Press release: "Joint Communique on the State Visit of the President of the Republic of Cyprus, Spiros Kiprianou, to the German Democratic Republic, 11-14 Jun 1980"]

[Text] At the invitation of the general-secretary of the Central Committee of the Socialist Unity party of Germany (SED) and chairman of the Council of State of the German Democratic Republic, Erich Honecker, the president of the Republic of Cyprus, Sprios Kiprianou, paid a state visit to the German Democratic Republic from 11 to 14 June, 1980.

During their stay, the president of the Republic of Cyprus and his party acquainted themselves with the life and achievements of the people of the German Democratic Republic.

President Kiprianou laid a wreath at the memorial to the victims of fascism and militarism at Unter den Linden Boulevard and toured the Pergamum museum and the Palace of the Republic. The president visited the paintings gallery of old masters at the Swinger, the art collection in the Green Vault and the Germed pharmaceutical complex at Dresden and the state porcelain manufactory at Meissen, and he had cordial meetings with country civic leaders, workers and artists.

Official talks were held between the general secretary of SED Central Committee and chairman of the GDR Council of State, Erich Honecker, and the president of the Republic of Cyprus, Spiros Kiprianou. They were attended, on the part of the German Democratic Republic, by Oskar Fisher, member of the SED Central Committee and minister of foreign affairs, Kurt Nier, deputy minister of foreign affairs; and Karl Wildaw, ambassador of the GDR to the Republic of Cyprus.

On the part of the Republic of Cyprus, by Nicos A. Rolandhis, minister of foreign affairs, Angelos Angelidhis, ambassador of the republic to the GDR; Kharis Vovidhis, director of the president's office; and Alekos Siambos, director of the foreign minister's office.

In the talks, which progressed in a friendly atmosphere, the parties discussed questions relating to the further shaping of relations between the two countries, as well as current international issues.

Erich Honecker gave an account of the German Democratic Republic's successful development as a result of the consistent implementation of the decisions adopted at the 9th SED Congress and described the new task and great initiative of the working people in preparation for the party's 10th congress. In particular, he pointed to the efforts being made by the people of the German Democratic Republic, under the leadership of the SED, to enhance the country's economic capability and to constantly raise the working people's material and cultural standards of living. He emphasized that the preservation and strengthening of world peace is the basic prerequisite for the implementation of the wide-ranging programme for the continued construction of the advance socialist society in the GDR. In this context Erich Honecker explained in detail the GDR'S foreign policy, which is aimed at securing peace, continuing detente, achieving disaramament and promoting anti-imperialist solidarity.

He underlined that the GDR, mindful of its historical responsibility and persevering in its commitment to ensure that never again will a war start from German soil, will continue to make its contribution to a secure peace and to a halt to the arms race so as to maintain detente as the dominant trend in international relations.

Erich Honecker had word of high appreciation for the efforts of the government and the people of Cyprus to achieve a just, lasting and democratic settlement of the Cyprus problem on the basis of the United Nations resolutions relevant to the question of Cyprus, and to ensure their country's independence, sovereignty, territorial integrity and non-alignment. He gave the assurance that the GDR will remain firmly committed to its solidarity with the Republic of Cyprus.

He praised the progress made in rehabilitating the economy notably and in repairing the material damage caused by the tragic events in 1974.

Erich Honecker accentuated the active role of the Republic of Cyprus in the movement of non-aligned countries and expressed the GDR's appreciation of the contribution of Cyprus towards the preservation and safeguarding of peace and the cessation of the arms race.

Spiros Kiprianou commended the active contribution of the GDR towards ensuring peace and enhancing European security and towards detente and disarmament. He expressed his high appreciation of the accomplishments of the people of the GDR.

President Kiprianou thanked the government and the people of the GDR for the constant and consistent support and solidarity they had extended to the just struggle waged by Cyprus and her people.

President Kiprianou gave a detailed account of the efforts made by the Cypriot Government and the people of his country to achieve progress in the intercommunal talks for a resolution of the question of Cyprus. He strongly rejected all attempts at perpetuating the country's division in defiance of relevant United Nations resolutions and of agreements made. The president expressed his grave concern at the adverse impact which the aggravation of the international situation might have on a just and democratic solution of the Cyprus problem. He emphasized the need for a complete demilitarisation and disarmament of the Republic of Cyprus.

The general secretary of the SED Central Committee and chairman of the GDR Council of State, Erich Honecker, and the president of the Republic of Cyprus, Spiros Kiprianou, appraised the high level achieved in the relations between the two countries as reflected in their countries' firm will for peace, proven solidarity and identity of views and interest concerning principal issues of the present time, such as the safeguarding of peace and greater efforts for continuation of detente, the cessation of the arms race, effective measures of disarmament and the reduction and elimination of the danger of a nuclear world war. In this context the two statesmen underlined their shared belief that also in the 1980's, Europe should remain a centre of peace and the process of international detente be extended to all regions of the world.

The two parties declared their willingness and preparedness to further intensify cooperation between the GDR and the Republic of Cyprus on the basis of strict observance of the principles of equality, sovereignty, territorial integrity, mutual respect and non-interference in internal affairs and thus to contribute to the strengthening of peace. Continuity in the political dialogue and the treaties and agreements concluded between the two countries provide a solid basis for their efforts to this end.

Erich Honecker and Spiros Kiprianou expressed their concern at the course of certain forces shifting from detente to confrontation which had at the beginning of the 1980's markedly deteriorated the world situation and exposed peace to serious threats especially by unilateral activities to change the military balance. The two sides are agreed that the determined defence of peace is more urgent today than ever before and will require increased efforts by all forces of peace throughout the world.

They declared that the cessation of the arms race and practical measures of military detente on the basis of equal security are matters of the highest priority in international policies.

In this connection they recognised the significance of the new proposal of the Warsaw Treaty states to promote the security of people, stabilize detente and achieve disarmament.

They spoke out against the production and the deployment of new kinds of medium-range nuclear missiles in Western Europe in order to make negotiations possible, on the limitation and reduction of such weapons systems in Europe. The two parties stated that a top level meeting of leading representatives of states from all regions of the world would be helpful in eliminating hotbeds of international tension and preventing a war.

They voiced their expectation that the Madrid meeting will make a significant contribution to the continuance of the policy of detente. They declared their willingness to make determined efforts for the preparation and holding of that meeting in a constructive atmosphere. They expressed their conviction that a conference on military detente and disarmament in Europe, the convocation of which should be seriously considered at the Madrid meeting, would be an appropriate forum to agree on effective arrangements to reduce military confrontation and enhance confidence among the European states.

Erich Honecker and Spiros Kiprianou underlined that strict observance of the European set of treaties and the Helsinki Final Act is needed for a stable order of peace in Europe. They declared themselves in favour of the ratification of the SALT II treaty.

They feel that discussion on the restruction and the reduction of military presence and military activities in the Atlantic, the Indian and the Pacific Oceans, the Mediterranean and the Gulf should be started at the earliest possible date. The two sides favour measures of military detente in the Mediterranean. In conformity with the spirit of the Helsinki Final Act they also support the extension of confidence building measures to that area, the withdrawal of nuclear warships from the Mediterranean and the renunciation of the deployment of nuclear weapons on the territory of European and non-European non-nuclear-weapon states in the Mediterranean area.

They underscored the absolute need for strict observance of the principles enshrined in the United Nations Charter and reaffirmed their preparedness to consistently apply these principles also in the future and to make efforts for further enhancing the effectiveness of the United Nations in maintaining, safeguarding and consolidating world peace and security.

Erich Honecker and Spiros Kiprianou expressed their deep concern at the lack of progress with regard to the solution of the Cyprus problem. In assessing the serious situation on the island they regretted that the United Nations resolutions on the question of Cyprus have not been implemented and called for their speedy implementation. They expressed themselves against unilateral actions which could harm a peaceful solution of the problem

They reaffirmed that progress towards a just, permanent and viable solution for the benefit of the Cypriot people as a whole, can be achieved only by the implementation of the United Nations resolutions relevant to the Cyprus question, by way of constructive negotiations on the basis of the 19th May, 1979, agreement and without preconditions, ensuring the independence, sovereignty, territorial integrity, unity and non-alignment of the Republic of Cyprus. They also agreed that a representative conference on Cyrpus, within the framework of the United Nations, would open the road for the Cypriot people to a life in peace.

The two sides valued the movement of non-aligned countries as an important and positive factor in the search for solutions to complex international issues. They noted with satisfaction that the non-aligned movement is actively involved in the struggle against imperialism, colonialism, neo-colonialism and racism. They welcomed the positive results of the 6th summit conference of non-aligned countries in Havana as a contribution to the strengthening of peace, security and international detente. In this connection they seconded the call for a new international economic order on a just and democratic basis, the elimination of all forms of colonialism and neo-colonialism and exploitation and for ensuring the full sovereignty of all states over their natural resources.

The two parties came out in favor of a comprehensive and just settlement of the Middle-East conflict with direct participation of all interested parties, including the Arab people of Palestine through its representative, the Palestine Liberation Organization. They underlined that a just and stable peace in the Middle East requires the complete withdrawal of the Israeli troops from all Arab territories occupied in 1967, the restoration of the right of the Arab people of Palestine to self-determination, including the right to establish an independent state of its own and the guarantee of the sovereignty and security of all states of the area.

The two parties emphasized the necessity for a political solution of the situation that has emerged over Afghanistan, ensuring peace and security in that area and taking account of the Afghan people's right to self-determination. They expressed full support for the inalienable right of the people of Iran to freely decide on their destiny without any intervention from outside. The two parties expressed support for the proposal submitted by the littoral states of the Indian Ocean to declare that area a zone of peace. Erich Honecker and Spiros Kiprianou commended the successes scored by national liberation movements, notably in Africa, Asia and Latin America and assured them of their unqualified solidarity. In accordance with the resolution adopted by the United Nations General Assembly at its 34th session, they firmly spoke out against the quality of hegemonism. They paid tribute to the sovereign option of the peoples of Vietnam, Laos and Kampuchea in favor of their independent development.

The two parties were highly appreciative of the results of their negotiations regarding them as a significant contribution towards the further development of their countries' bilateral relations in all spheres and towards a secure peace. The president of the Republic of Cyprus, Spiros Kiprianou, expressed his gratitude for the extremely cordial welcome and warm hospitality extended to him and his party in the GDR. He invited the general secretary of the Central Committee of the Socialist Unity Party of Germany and chairman of the Council of State of the GDR, Erich Honecker, to pay an official visit to the Republic of Cyprus. The invitation was accepted with thanks. The date of the visit will be arranged through diplomatic channels.

SED REAFFIRMS SOLIDARITY IN LETTER TO ETHIOPIAN CONGRESS

AU171205 East Berlin NEUES DEUTSCHLAND in German 16 Jun 80 p 1

["SED Reaffirms Solidarity With Revolution in Ethiopia--Central Committee Greetings to First Congress of the Commission for the Organization of the Party of the Working People"]

[Text] The SED Central Committee has conveyed best wishes for successful consultations to the First Congress of the Commission for the Organization of the Party of Working People of Ethiopia [COPWE]. [paragraph continues]

The cable, which is signed by Erich Honecker, SED Central Committee general secretary, reads:

The SED Central Committee conveys fraternal militant greetings to the First COPWE Congress.

The SED follows with great sympathy the struggle of the Ethiopian people for the implementation of the program of the national democratic revolution. The creation of a party of the working people to head the Ethiopian people is an important milestone in the further successful development of the Ethiopian people's revolution.

Manifold inseparable ties of friendship and cooperation have been created in the past years between the GDR and socialist Ethiopia.

Rest assured that we will continue to stand in firm solidarity on the side of the Ethiopian people and that we attach great importance to the development of close relations with COPWE in the interest of the joint anti-imperialist struggle.

The SED wholeheartedly wishes you, esteemed comrades, success in the implementation of the decisions of the congress and in organizing the party of the working people of Ethiopia.

HONECKER ADDRESSES MEETING INAUGURATING MARTIN LUTHER COMMITTEE

LD131731 East Berlin ADN International Service in German 1158 GMT 13 Jun 80

["Erich Honecker's Speech at the Inauguration of the GDR Martin Luther Committee--ADN headline]

[Text] Berlin--At the meeting of the constituent session of the GDR Martin Luther Committee its chairman, Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council, gave an address, the text of which is as follows:

Ladies and gentlemen, friends and colleagues, 10 November 1983 will be the 500th anniversary of the birth of Martin Luther, one of the greatest sons of the German people. Our German Democratic Republic and its citizens pay tribute to what he was. They pay tribute to the historic achievement which he accomplished for social progress and world culture through the initiation of the reformation, which represented a bourgeois revolution.

Bounded by our constitution to cultivate the values of our national culture and world culture, we are founding the GDR Martin Luther Committee today. Let me welcome you very cordially to it.

The side-ranging transformations of our time call for support for the historically progressive, reasonable and humane. In the struggles of his age Martin Luther exerted a great influence on historical development. He was a most outstanding humanist whose efforts were directed toward a more just world.

We can say that our fatherland, the German Democratic Republic, has absorbed this precious legacy. Our workers' and peasants' state implements the ideals of the best sons of the German people in the spirit of its policy for the benefit of mankind. Among the progressive traditions which we cultivate and continue are the work and legacy of all those who have contributed to progress, to the development of world culture, irrespective of their social and class ties.

It is in keeping with our concept of the world to see history in its objective, actual course, in its overall dialectic; to see it as a history of class struggles is not a restrictive view but shows real insight into the course of events. The socialist GDR, the first workers' and peasants' state on German soil, is the rightful heir of the revolutionary struggle of the working class and the other democratic forces against capitalism and war, of the revolutionary activity of the peasants, artisans, churchmen, intellectuals and artists, members of the bourgeoisie--in short, all those who have advanced social development.

Days of commemoration are not empty formalities for us, but an occasion for a more profound understanding of historical events and the essence of great public figures and to use them for the present. We thereby make available to ourselves knowledge of the entire historical process, the lessons from the struggles and successes, defeats and victories.

The 16th century, in which Martin Luther lived, was of far-reaching signficance for our people. In keeping with this we celebrated in 1967 the 450th anniversary of the Reformation in the GDR. The celebrations for the 900th anniversary of the Wartburg and the 150th anniversary of the Burschenschaftsfest (student association celebrations) in the Wartburg were also within this framework. There followed the celebrations for Albrecht Duerer in 1971, Lucas Cranach in 1972 and the festivities marking the 450th anniversary of the German Peasants' War.

Friedrich Engels rightly said of the 16th century that it was "the greatest progressive upheaval which mankind had ever known, an age which needed giants and produced giants, giants in their power of thought, passion and character in their versitility and erudition." (Friedrich Engels: "Dialektik der Natur", introduction (Semik), in: Marx-Engels: Werke, Berlin 1972, Vol 20, p 312)

Martin Luther was one such person. He and the Reformation which enamated from him had repercussions far beyond the frontiers of his country. He was thus one of the pioneers of those upheavals by means of which the German states and Europe entered the epoch of the decay of feudalism and bourgeois revolutions. Luther helped to mold the main ideas of the 16th century to a decisive extent. One can even say that his influence on developments today, on the threshold of the 21st century, is unmistakeable.

At that time artists like Albrecht Duerer, Lucas Cranach, Mathias Gruenewald, Tilman Riemenschneider, scholars, scientists and humanists like Philipp Melanchthon, Ulrich von Hutten, Erasmus of Rotterdam and many others sought to free themselves from the mental tutelage of feudalism, to break the constraints of feudal thought and to devise a new concept of the world and man. The decisive impulse for the liberating deed came from the hitherto almost unknown monk, Martin Luther, with his famous act of nailing his theses to the doors of the church in Wittenberg.

By entering the lists and declaring "the church is in need of reformation" he triggered off a movement which served human progress. From the position he took up he went further, giving answers to the urgent questions of his time. The highest temporal authority, the emperor, opposed him. Thus the continuation of the struggle meant that Luther was risking his life. The steadfastness he showed thenceforth has not been forgotten in German lands for centuries.

At the Wartburg, where he found refuge after the emperor's Edict of Worms against him and his followers, Luther translated the Bible, thus accomplishing one of the greatest cultural achievements in our history. Friedrich Engels has described Luther's Bible as a powerful tool for the emerging people's movements. Indeed, no other book of the time has helped so much to standardize the language of the various German states.

The people took up Luther's ideas, carried them further and combined them with more radical, social and political demands. In a broad antifeudal movement the actions resulted in those revolutionary consequences which culminated in the German Peasants War of 1524-25 and went far beyond what Luther had wanted.

The Reformation and the German Peasants War, which together form the first bourgeois revolution in Germany, occupy an outstanding position in our history. Just as they received many impulses from the antifeudal fighting of the peoples of other countries, their own influence on international events gave a strong boost to the transition from feudalism to capitalism. Although the revolutionary action of which Thomas Muentzer was the foremost representative failed, it left behind deep traces which affected subsequent developments.

Muentzer's conception of society for the first time in German history raised questions to which Marx and Engels gave a scientific answer. It was the German Peasants War in which the partner, which later became the most important in the alliance with the working class, fought its first major class battle. It was Luther's tragedy that he could not resolve the conflict between his role as the initiator of a great revolutionary movement and his inability to perceive that it was governed by the law of social development.

After the peasants war had been cruelly put down Martin Luther continued to struggle obstinately and persistently for the continuation of the Reformation. Through the founding of schools and university reforms, through new regulations for the running of churches, schools and care for the poor, a substantial part of the program developed in the early years of the Reformation was put into practice. Taken as a whole, Luther's socio-ethical views, which bear witness to deep involvement with the people, still deserve our high regard today.

At a time when the exploitation of the people, peasants and artisans by usurers had become a serious social problem Luther sharply attacked these practices. In sermons, essays and letters he denounced many as "the greatest evil." He castigated the machinations of the companies which he described as monopolies. Their practice of squeezing out the last ounce of profit at the expense of the masses, which sometimes seems very modern, he described as terrible and culpable. Such people were not worthy of the name of men nor worthy to live among men. Luther called on the state powers to deprive such companies of their property and to hound them out of the country.

In order to procure the means to alleviate poverty he recommended the establishment of mutual benefit funds in all towns, which were to be supplied by confiscating part of the property of monasteries and churches and by contributions from the citizens. He regarded the preservation of the family, the care of the old, sick and orphans as a social task. This tradition, which grew from the obligation to love one's neighbor, is still carried on today and is highly regarded by our socialist state. Luther's exhortation to creative and purposeful activity has become in our socialist society, which has eliminated the exploitation of man by man, a fundamental motive for the joint work of Christians and non-Christians in the construction of socialism.

The men of the German Enlightenment and the classical age took up the progressive substance of Luther's teachings. Like most of the rising bourgeoisie, their view of Luther was to a great extent independent of confessional polemics. They saw him as setting the pace for reason, intellectual freedom and humanity.

In his "Briefen zur Befoerderung der Humanitaet" [Letters for the Advancement of Humanity] Johann Gottfried Herder included him among the great models of humane and just thought.

Johann Wolfgang Goethe emphasized the importance of Luther for the freedom of thought and reason. Friedrich Schiller referred in his historical writing to the revolutionary spirit which emanated from Luther's Reformation. The classical German philosophy saw the Reformation as a revolution.

Under changed social conditions, under the influence of the revolution of 1789, revolutionary democrats referred to Luther as a central figure in the first revolutionary uprising in German history. Heinrich Heine saw Luther as an uncompromising pioneer of progressive rational thought, with all his tragic contradictions, as the man who, with the new faith, also gave the Germans through the force of his language an effective aid for their people's movement. He regarded the Reformation as a revolution through which Luther was not only the voice but also the sword of his time.

Many statements by Karl Marx and Friedrich Engels show high regard for the progressive historic achievements of Luther and the Reformation. Friedrich Engels saw Luther's work as part of the "revolution No 1" of the bourgeoisie and explained it by the inexorable historical developments in the transition from feudalism to capitalism. Like Friedrich Engels, Vladimir Ilich Lenin, whose 110th birth anniversary was celebrated recently, included the Reformation and the peasants war among the "great revolutions of former times."

Even in that period of history when the misuse of Luther for reactionary purposes was predominant and Luther was claimed mainly as principal witness for an alliance between "throne and alter" the German socialists never allowed themselves a distorted view of his achievements. The critical appreciations of Luther in the historical writings of Franz Mehring and August Bebel are telling examples of this, the fundamental attitude of the workers' movement to the historical legacy.

The joint struggle to preserve everything that was progressive in German history, to defend humanity, peace and progress, led communists, social democrats, representatives of the Christian churches and other progressive forces to join together in the anti-fascist resistance struggle in the night of Hitler fascism. Commemoration of Luther today also includes the commemoration of the courage of their convictions and willingness to make sacrifices and the struggle of all those who fought against war and fascist barbarism because of their Christian faith--people like Dietrich Bonhoeffer, Paul Schneider, Martin Niemoeller and many, many more.

We live in an age in which it is more necessary than ever to defend peace resolutely and to safeguard it permanently as the highest good of all mankind. On all continents of the globe profound upheavals are taking place. We are seeing how the peoples are searching for new forms of social existence and we are fashioning our own socialist order.

The joint tribute to the person and work of Martin Luther in our state reflects the working together of the citizens of our country irrespective of their philosophy and religion. They are all working on the further fashioning of an advanced socialist society, which is in the interests of all and whose results benefit all. A policy for the welfare of the people such as is being implemented in tne GDR is also in keeping witn a fundamental Christian concern. It therefore enjoys the vigorous support of Christian citizens. This is especially true of the efforts to safeguard peace, for the solution of a task which in view of the increasingly complicated international situation is becoming increasingly important.

The unity of our citizens in the commemoration of Martin Luther and in fashioning the present day in the shape of peace and socialism is also manifested in the composition of the GDR Martin Luther Committee and its tasks.

In it members of the parties and organizations who have joined together in the national front of central and regional state bodies and institutions, outstanding scientists, artists, cultural workers and church leaders, are working as representatives of the church Luther committee. Our committee will discuss all activities for the 500th anniversary of Martin Luther's birth in trustful cooperation. This will have an influence on the fashioning of the commemoration of Luther as a manifestation in the spirit of peace, humanity and international understanding.

Among the projects which serve this end are diverse political, scientific and cultural events and church gatherings in Berlin and places where Luther lived and worked. International colloquiums and conferences are planned by the GDR academy of sciences and the universities. The Museum of German History and the Berlin National Gallery are preparing exhibitions. In addition, GDR publishing houses, theatres and orchestras, museums, art collections and galleries, the film industry, press, radio and television will make their contribution to the Martin Luther commemoration.

The Luther Hall in Wittenberg, the Wartburg, the other historic places associated with Luther and those associated with other figures of Luther's age, will pay tribute in diverse ways to the life and work of Martin Luther and those who worked alongside him. For the 1983 anniversary the important places associated with Luther which belong to the state will be presented in a fitting condition. Many specialists and thousands of citizens of the towns and villages concerned have been working hard on this for some time. Church bodies are also exercising their responsibility for church memorials and buildings with the participation of many Christian citizens.

Let me call on all those who feel themselves in Martin Luther's debt to participate in the 1983 GDR Martin Luther commemoration. For his 500th birth anniversary be to the benefit of the worldwide efforts for the preservation of peace, for the peaceful cooperation of peoples and states, as is in keeping with the international influence of this reformer.

Thank you for your attention.

TISCH ADDRESSES, PRESENTS AWARDS TO FDGB MEMBERS

LD142306 East Berlin ADN International Service in German 1632 GMT 14 Jun 80

[Text] Berlin--Harry Tisch, chairman of the FDGB National Executive Committee, paid tribute on Saturday in Berlin to the contribution made by the FDGB in the 35 years of its existence to the strengthening of the workers' and farmers' power in the GDR. He said at the 10th session of the National Executive Committee: "Our historic achievements include the implementation of the right to work and exemplary labor legislation, social insurance in the hands of the trade unions, equal pay for equal work, outstanding educational and training opportunities as well as the extensive measures in social policy which guarantee a life in security and safety for the citizens of our country."

Tisch stressed that the FDGB had from the moment of its birth always acted according to the principle that the struggle to maintain and guarantee peace is the all important task of trade union representation of interests. The FDGB fully supported the fresh initiative to guarantee peace taken by the Political Consultative Committee of the Warsaw Pact states at its recent meeting.

Tisch presented meritorious trade unionists with the Fritz-Heckert Medal, the FDGB's highest award, and thanked them for their work in socialist competition.

TRAFFIC AGREEMENT SIGNED WITH CAPE VERDE ISLANDS

LD171426 East Berlin ADN International Service in German 1121 GMT 17 Jun 80

[Text] Lisbon, (ADN correspondent)--Agreements on merchant shipping and air traffic between the Government of the GDR and the Government of the Republic of the Cape Verde Islands have been signed in the Cape Verde capital, Praia, by Deputy GDR Minister of Transport Heinz Gerber and Minister of Transport and Telecommunications of the Republic of the Cape Verde Islands Herculano Vieira. During his stay in Praia the head of the GDR delegation was received for a talk by acting prime minister and minister of defense and security of the Cape Verde Island, Silvino da Luz.

SOCIETY FOR SPORT, TECHNOLOGY LAUNCHES NEW DRIVE

AU061920 East Berlin NEUES DEUTSCHLAND in German 5 Jun 80 pp 1, 2

[Summary] Potsdam (ADN)--The aktiv of the Society for Sport and Technology [GST] has issued an appeal for the "GST initiative tenth party congress--for high results in pre-military training and in paramilitary sports." Thus the GST members want to make a worthy contribution toward the all-round strengthening and the reliable protection of their worker-peasant state.

"In everything we do the safeguarding of peace will always be the most important goal," the GST appeal states. "In this sense we consider it as a primary and obligatory task for all GST functionaries and instructors to lay the foundation for the moral spirit, the determination to fight and win and for the military-technical, physical and psychological ability of the soldiers of tomorrow." Thus the ideopolitical training and education in the GST is to be aimed at direct preparation for military service and at providing the draftees with knowledge, abilities and skills they can immediately put to use. Paramilitary sports are to be broadly developed so that the reservists primarily can preserve and increase their military ability.

During the discussion Lt Gen Guenther Teller, chairman of the Central Executive Committee, outlined the demands on the GST after the 12th SED Central Committee session. He said that it was everywhere necessary to give strict accounts of the militant programs of the GST basic organizations and to orient the competition pledges of all members and participants in premilitary training on raising defense readiness and defense preparedness.

HONECKER, AXEN, HAGER PAY LAST RESPECTS TO SINGER

LD171912 East Berlin ADN International Service in German 1426 GMT 17 Jun 80

[Text] Berlin--In a moving ceremony in the GDR Academy of Arts, relatives, friends and associates paid their last respects to Ernst Busch, the singer, actor and communist. The revolutionary artist died on 8 June at the age of 80. Among the mourners were Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR Council of State, and SED Central Committee Politburo members Hermann Axen and Kurt Hager. GDR Minister for Culture Hans-Joachim Hoffmann and President of the Academy of Arts Konrad Wolf paid tribute to the life and struggle of the great singer and working class militant. The moving ceremony was organized by the SED Central Committee, the GDR Council of Ministers and the academy. It began with a recording by Ernst Busch of "Honor the Dead" and "Left March."

CZECH DELEGATION HOLDS TALKS WITH SARLOS

LD162346 Budapest Domestic Service in Hungarian 1630 GMT 16 Jun 80

[Text] A delegation of the Czechoslovak National Front is holding talks in Budapest. The guests arrived today led by Tomas Travnicek, deputy chairman. The talks are led on the Hungarian side by Istvan Sarlos, secretary-general of the PPF.

GYENES MEETS CPCZ'S BILAK AT AIRPORT

LD171211 Budapest MTI in English 1120 GMT 17 Jun 80

[Text] Budapest, June 17 (MTI)--Vasil Bilak, Presidium member of the Central Committee of the Communist Party of Czechoslovakia and secretary of the Central Committee, Tuesday arrived in Budapest at the invitation of the Hungarian Socialist Workers' Party Central Committee.

His suite includes Frantisek Chlad, deputy head of the CC International Department, and Jiri Divis, coworker of the CC International Department.

Meeting the guests at Ferihegy Airport was Andras Gyenes, secretary of the HSWP Central Committee.

LAJOS MEHES ADDRESSES RALLY FOR COSMONAUTS

LD172358 Budapest MTI in English 1741 GMT 17 Jun 80

[Text] Budapest, June 17 (MTI)--A public rally was held at Budapest's Csepel sport-hall on Tuesday afternoon where the cosmonauts met representatives of the Hungarian capital's workers.

The meeting was addressed by Lajos Mehes, member of the Hungarian Socialist Workers' Party Political Committee and first secretary of the Budapest party committee. He first greeted the participants of the grand rally and then emphasized:

"To be the first in something among some people is always a marvelous thing and the more courageous the pioneer venture, the greater the glory of the deed. The moment has come now to greet the first Hungarian cosmonaut and the list of the nations whose citizens have visited the space features the Hungarian People's Republic in the seventh place.

"We have such a high-ranking place in space research and in many other spheres in the world, because we have opted for socialism--the noblest course before mankind--for our present and future. We could achieve it also because we have allies like the peoples of the Soviet Union, the socialist countries. The first Hungarian cosmonaut travelled into the space aboard 'Soyuz' spaceship, which means 'alliance'. The name of the spaceship reminds us of the close friendship and alliance which links the Hungarian people with the peoples of the Soviet Union. In their message sent to the cosmonauts, Comrades Leonid Ilich Brezhnev and Janos Kadar rightly said: 'Your space flight is a glowing example of internationalism in operation.'

"We thank the scientists and technicians of the Soviet Union and other socialist countries for their assistance to the work of the Hungarian cosmonaut. We think with respect of those Hungarian scientists, too, who took part in elaborating the scientific programme and who tackled their task on an internationally esteemable level."

Lajos Mehes went on to point out: Bertalan Farkas and Bela Magyari have proved worthy followers of the Soviet cosmonauts and they convincingly testify the fruitfulness of our socialist training work. Their example will be a source of inspiration for our whole society.

Finally the first secretary of the Budapest party committee underlined: "We are taking part in a space programme aimed serving peace, life and the interests of entire mankind."

ACZEL SPEAKS AT ECONOMISTS CONGRESS

LD170144 Budapest Domestic Service in Hungarian 2200 GMT 16 Jun 80

[Text] A correct shaping of economic thinking is necessary for the correct evaluation of our economic life's new phenomena. This was among the subjects of Gyorgy Aczel's speech at the economists congress which opened in Szeged. The member of the party's Politburo and deputy chairman of the Council of Ministers expressed the hope that at professional discussions economic regulations will be given proper attention along with their social consequences. He hoped that in every question the necessary criticism and self-criticism will find their place.

At sectional meetings it has been brought up that it is wrong to believe that the most important factor of manpower management is the acquisition of the labor force. Efficient employment of manpower is at least as important. It has been stressed that only those enterprises which produce goods fit for export should embark on new investments.

NATIONAL PREHARVEST AGRICULTURAL CONFERENCE CONVENED

WA181135 Budapest MAGYAR HIRLAP in Hungarian 11 Jun 80 pp 1, 7

[Text] The nationwide preharvest conference convened annually by the Ministry of Agriculture and Food was held in Heves County this year. It was attended by the competent deputy heads of the county councils, department heads, secretaries of the agricultural cooperatives, general directors of the bulk buying trust and of large enterprises.

The meeting was opened by Pal Romany, minister of agriculture, after which the main address was presented by Dr Gabor Soos, state secretary.

Among other things he said that agriculture would have to play a greater role than ever before in promoting the stability of the national economy in addition to ensuring an uninterrupted supply of food products of increasingly high quality to the population. He then analyzed the status of plant production. Most of the early and semi-early spring crops emerged well, but their development is lagging by 2 weeks due to cool weather. Between 25,000-30,000 hectares of corn had to be resown. Altogether, the area sown to spring crops was in accord with the plans of the farms. This means that there are 10,000 hectares less of corn, 7,000 hectares less of potatoes and 5,000 hectares less of rice than specified by the national economic plan. [paragraph continues]

Meanwhile, sunflower exceeds the national plan by 70,000 hectares; sugar beets, by 5,000 hectares. In the opinion of the specialists, the cool, rainy weather favored development of cereals which are in better condition than the year before last when there was a bumper wheat crop.

The state secretary emphasized that secondary and catch crops would play an important role this year, too. He called for 150,000 hectares as compared to 126,000 hectares last year. The outlook for horticultural products is good on the whole; the supply of stock for propagation has improved so there can be additional planting of orchards and vineyards.

Insofar as animal breeding is concerned, last year's level must be surpassed. This calls for a variety of effort from the farms. According to the March livestock census, there are 13,000 fewer head of cows than last year. Larger herds on the big farms have not offset the rapid decline of stock raised by the private sector. The herds have declined in 10 counties and increased in 8. This is an indication that the program for increasing the cattle herd has been interpreted in differing ways in the various counties.

The 1980 plan for 1.17 million tons of slaughter hogs is realistic, but 55 percent of this will come from small producers. It is noteworthy that the number of sows raised on private plots and auxilliary farms has decreased by 15,000 head. Here, too, there are great differences between the counties. The ministry has taken steps to increase incentives for small producers. The large farms will have to make greater efforts as well: the agronomists retained for the private plots will have to be more careful in seeing to it that hogs subsequently purchased by the cooperatives are delivered on schedule. Some of the cooperatives are not giving private raisers adequate assistance.

Over the past 4 years the sheep herd has increased by 50 percent. Consequently production of wool and slaughter sheep has flourished. In response to favorable foreign market conditions, production of frying and roasting chickens will increase by 20,000 tons. Arrangements have been made to give raisers a 4 forint bonus from the export price for poultry of export quality delivered in excess of the plan. The unwarranted competition to purchase rabbits is subsiding as the result of the measures taken by the Rabbit Raising and Foreign Trading Enterprise which has been operating since the beginning of the year.

Dr Soos urged the farms to adopt sensible practices in the feeding of livestock and added that at this point everyone was entitled to harvest meadows still uncut, free of charge. Health of livestock is good despite the fact that there have been epidemics in Europe: outbreaks of infectious swine foot and mouth disease have occured in several countries.

The government is making greater demands on the food industry in 1980. This is the result chiefly of a 5.5 percent increase in exports to the ruble-accounting countries. This year for the first time the Grain Trust will pay for wheat on the basis of its quality. This will require greater cooperation between the farms and the enterprises. The former must be briefed thoroughly on the new buying system before the harvest so that the new system will cause no disruptions.

The canning and frozen food industries concluded enough contracts to ensure the requisite amount of vegetables and fruits although some difficulties were encountered in meeting goals for green peppers and berries which demand manual labor.

Solution of a major task is expected of the vegetable oil and detergent enterprise. Beginning in June the new Martfu vegetable oil factory will begin processing the soy beans stored there; this will be followed by rape in August and sunflower seed in September. The wine industry has made certain of its needs through long-term contracts. Preparation of the wineries for vintage and maintenance work at the sugar factories is proceeding as planned. Preparations for sale of products in 1981 can no longer be delayed either.

Dr Soos maintained that a buyer's market prevails insofar as agricultural machinery is concerned. Farms have invested 30 percent less in machinery than a year ago and have bought only 70 percent as many tractors and 22 percent fewer combines than in 1979. This year commerce can provide 1,300 combines. However, the farms should not expect the announcement of new sales drives. Machine parts worth 1.7 billion forints were purchased during the first 5 months of the year; the value of technical goods sold increased by 650 million forints. Quantitatively, this is less than last year. During the harvest season the Agricultural Machine Parts Trading Enterprise will adopt central control over 100-150 parts which can be purchased during the summer shifts.

All agricultural implements suitable for harvesting are in a state of readiness. The state secretary added that this year, more than ever, it will be necessary for the farms to regroup the combines and come to each other's assistance. During the harvest period MEGEV [Agricultural Machinery Spare Parts Enterprise], AFOR [Mineral Oil Enterprise], AGROKER [Agricultural Supply Enterprise], MEZOGEP [Agricultural Machine Producing and Servicing Enterprises Trust] will be on call after working hours and during holidays.

This year quarters must be established for 31,000 cows, 85,000 hogs, and 61,000 sheep. Limits on supports for building investments were discontinued on 1 April. Now, applications for support in the construction of facilities for keeping hogs and sheep may be submitted to the ministry. Although agriculture is using less energy, supervision of its use must be stricter.

BRIEFS

LENARD PAL'S APPOINTMENT--Budapest, June 17 (MTI)--On proposal of the General Assembly of the Hungarian Academy of Sciences (MTA), the Hungarian Council of Ministers has appointed academician Lenard Pal general secretary of the MTA, academicians Bela Kopeczi and Istvan Lang deputy general secretaries of the MTA. The Council of Ministers has relieved Lenard Pal--with due recognition of his merits--from his office as president of the National Technical Development Committee. [Text] [Budapest MTI in English 1709 GMT 17 Jun 80 LD]

CONSULAR AGREEMENT WITH SFRY--Budapest, June 5 (MTI)--A supplementary document to the consular agreement concluded between the Hungarian and the Yugoslav Governments in Belgrade on February 20, 1963, was signed in Budapest on Thursday by Deputy Foreign Minister Istvan Roska and Milan Veres, Yugoslavia's ambassador to Hungary. [Text] [Budapest MTI in English 1717 GMT 5 Jun 80 LD]

COMMUNIQUE ISSUED ON NORWEGIAN FOREIGN MINISTER'S VISIT

AU171124 Warsaw TRYBUNA LUDU in Polish 12 Jun 80 p 7

["Report on the Communique on the Visit by the Norwegian Minister of Foreign Affairs to Poland"]

[Text] PAP--THE COMMUNIQUE NOTES THAT THE TALKS BETWEEN THE POLISH AND NORWEGIAN MINISTERS OF FOREIGN AFFAIRS, EMIL WOJTASZEK AND KNUT FRYDENLUND, WERE HELD IN A FRIENDLY, BUSINESS-LIKE AND CONSTRUCTIVE ATMOSPHERE IN ACCORDANCE WITH THE TRADATIONS OF POLISH-NORWEGIAN RELATIONS.

VIEWS WERE EXCHANGED ON CURRENT INTERNATIONAL PROBLEMS WITH PARTICULAR REGARD TO THOSE THAT, IN THE LIGHT OF THE COMPLEX INTERNATIONAL SITUATION, ARE CONNECTED WITH THE ISSUE OF SECURITY AND COOPERATION IN EUROPE. It was stated that the views on many of those problems coincided. The ministers also exchanged views on the situation in the Near and Middle East. Significance attached by the governments of the two states to the Madrid meeting was emphasized, and hope was expressed for concrete and balanced results of the meeting for the further consolidation of the cause of detente.

BOTH SIDES CAME OUT FOR SUPPLEMENTING THE PROCESS OF POLITICAL DETENTE WITH APPROPRIATE MEASURES TO LOWER THE LEVEL OF MILITARY CONFRONTATION IN EUROPE. Various initiatives were also discussed concerning the promotion of the means of confidence and some aspects of security and disarmament in Europe, including the convocation of a conference on the military aspects of security and disarmament in Europe. Hope was expressed that progress will be made in Madrid on those issues. An agreed pronouncement was made in favor of continuing efforts aimed at detente and cooperation in Europe. Both ministers expressed the hope that the SALT II agreement would be ratified as soon as possible, and that concrete results would be attained in the talks on the balanced reduction of armed forces, armaments and accompanying means in central Europe.

IT WAS STATED WITH GREAT SATISFACTION THAT THE BILATERAL RELATIONS WERE DEVELOPING SUCCESSFULLY AND THE INTENTION WAS EXPRESSED TO FURTHER INTENSIFY THEM. The ministers emphasized that the Polish-Norwegian political dialog produced favorable results to both sides and was a concrete contribution toward the development of the policy of cooperation and security in Europe. A pronouncement was made in favor of intensifying that dialog at all levels.

THE STATE OF ECONOMIC COOPERATION AND TRADE EXCHANGES BETWEEN POLAND AND NORWAY WAS DISCUSSED. It was noted that the agreements existing in that field met the needs of that cooperation and made the further qualitative and quantitative development of it possible. Further possibilities were emphasized for developing cultural and scientific cooperation. The communique states that the present visit contributed to the further development of friendly relations between the two countries, in the interests of peace and detente. Minister K. FRYDENLUND invited Minister E. WOJTASZEK to visit Norway. The invitation has been accepted with satisfaction.

BABIUCH SIGNS CONDOLENCES BOOK AT JAPANESE EMBASSY

LD161355 Warsaw Domestic Service in Polish 1300 GMT 16 Jun 80

[Text] In connection with the death of Masayoshi Ohira, the late premier of Japan, a book of condolences has been made available at the Japanese Embassy in Warsaw.

The book was signed today by Premier Edward Babiuch; Eugeniusz Kulaga, under secretary of state at the Ministry of Foreign Affair; and Henryk Laszoz, chief of foreign protocol at the Ministry of Foreign Affairs.

JAGIELSKI RECEIVES ITALIAN FOREIGN TRADE MINISTER

LD172340 Warsaw PAP in English 2121 GMT 17 Jun 80

[Excerpt] Warsaw, 17 June, PAP--Vice Premier Mieczyslaw Jagielski received today the minister of foreign trade of the Italian Republic, Enrico Manca. The two sides discussed some aspects of Polish-Italian economic and trade relations, including cooperation in industry. Considered were also issues related to the expansion of trade exchange between the two countries.

JARUZELSKI INSPECTS AIR DEFENSE, NAVAL UNITS

AU171018 Warsaw ZOLNIERZ WOLNOSCI in Polish 14-15 Jun 80 p 1

["High Efficiency and Combat Preparedness: Army Gen Wojciech Jaruzelski, PZPR Central Committee Politburo Member and National Defense Minister, Inspected Air Defense and Naval Units"]

[Text] Preparedness to defend the state's frontiers is the supreme duty of the Armed Forces of the Polish People's Republic. Air defense troops and the navy are on vigilant guard of important air and sea borders. The ardor of service arises from this particular role. It is particularly in these branches of the armed services that combat preparedness is being measured, even in peace time, with the yardstick of efficiency in action and the training level of commands and staffs, military units, soldiers' collectives and individual soldiers--pilots, seamen, missile crews, artillerymen and operators.

Army Gen Wojciech Jaruzelski, PZPR Central Committee Politburo member and national defense minister, on 13 June visited the Gdansk coast and inspected air defense and naval units. The national defense minister was accompanied by Division Gen Jozef Baryla, chief of the Main Political Directorate of the Polish Army, and Division Gen Tadeusz Hupalowski, first deputy chief of staff of the Polish Army. Present was Army Gen Afanasiy Shcheglov, representative of the commander-in-chief of the Joint Warsaw Pact Armed Forces in the Polish Army. The national defense minister familiarized himself with the progress made in the training process, with the functioning of services and with living conditions. In conversations with commissioned and noncommissioned officers, chief warrant officers and privates, he inquired about the progress and results attained in service and about their personal lives. During visits to housing areas, Army Gen Wojciech Jaruzelski also familiarized himself with the housing conditions and family problems of professional soldiers.

JARUZELSKI PAYS TRIBUTE TO MEMORY OF SPYCHALSKI

AU171016 Warsaw TRYBUNA LUDU in Polish 12 Jun 80 p 2

[Report on speech by Army Gen Wojciech Jaruzelski, Polish minister of national defense, at the funeral of Marshal M. Spychalski in Warsaw on 11 June]

[Text] PAP--We pay last respects to Marshal of Poland Marian Spychalski, our commander and comrade in arms for many years, the minister said.

He devoted all his life to the cause of socialism. Since his teens, he was in service to the party, always active and always in the front ranks. When the time of the hardest test of war came, he wholeheartedly joined in the liberation struggle, was among the prominent organizers and creators of the people's guards and the people's army.

For many years he was minister of national defense. He actively and creatively participated in the development of the republic's defense system. He increased the public understanding of and solicitude for the cause--as he termed--of people's defensive potential. He spared no efforts to modernize our armed forces and to promote their socialist features. Under the marshal's command, they passed another stage of their development. They perfected the function of the armed hand of the people, their combat representative in the defense coalition of socialism--the Warsaw Pact.

At the end of the speech, General Jaruzelski stated: Marshal of Poland Marian Spychalski has departed forever. Many of us served under his command. In our memories he will live as a man of an idea, a man of action, of inexhaustible energies and passion for action. He devoted his extensive intellect, hard work and the burden of experience as a public figure, a fighter and a communist to the cause of the party and the people's state. He left his biography recorded in our military traditions, marked on the development path of the armed forces. Now, a marshal of Poland, on the threshold of eternal rest among the comrades in arms, among those who departed, soldiers and partisans, combat banners bow before you and generations of soldiers pay tribute.

LUKASZEWICZ ATTENDS SCIENTIFIC SESSION IN LODZ

LD142204 Warsaw Domestic Service in Polish 1700 GMT 14 Jun 80

[Summary] A national scientific session has opened the celebrations of the 1905-1907 revolution anniversary in Lodz today. "Jerzy Lukaszewicz, member of the Politburo and secretary of the party Central Committee, took part in the session."

CENTRAL COMMITTEE POLITBURO HOLDS MEETING

LD180530 Warsaw Domestic Service in Polish 1700 GMT 17 Jun 80

[Text] The party Central Committee Politburo at a meeting today discussed the effectiveness of the performance of basic industrial ministries in 1976-79. It has been recommended that conclusions of the assessment should be used in the preparatory work on the draft plan for 1981-85. The Politburo heard a report on motions put forward during precongress discussion and on the manner of their implementation and introduction according to examples set by Gdansk and Siedlce voivodships. It has been stressed that the implementation of motions and demands of citizens is of great importance for the shaping and development of social activity, and contributes to the more efficient operation of state and economic administration, to overcome weaknesses and irregularities, and to observe norms of social life. The Politburo has instructed voivodship, municipal and parish authorities to carefully control further implementation of motions by appropriate bodies.

The Politburo was acquainted with a report on the state of preparation for summer activities of children and youth which will include about 5.3 million vacationers, including 3 million who will spend holidays outside their place of residence. Party branches and regional authorities have been instructed to provide constant care to the rest conditions of children and youth, and to the quality and level of education, upbringing, cultural work, sport and recreation.

The Politburo has decided to convene on 30 June this year the plenum of the party Central Committee to discuss problems of development and improvement of health service.

SEJM SESSION PLANNED FOR 23-24 JUNE, AGENDA ADOPTED

ID161540 Warsaw Domestic Service in Polish 1300 GMT 16 Jun 80

[Text] The Sejm Presidium has decided the 4th session of the Sejm of the Polish People's Republic will be held 23-24 June. The agenda includes a government report on the implementation of last year's plan and budget, and a report connected with this issue by the economic plan budget and finance commission. The agenda also includes a motion to accept the government report, a report by the minister of foreign affairs dealing with some international problems and Poland's foreign policy, deputies' questions, and a motion to end the session.

COUNCIL OF MINISTERS' CHAIRMAN RECALLS, APPOINTS OFFICIALS

AU171146 Warsaw TRYBUNA LUDU in Polish 16 Jun 80 p 2

["Chronicle of Cadre Reshuffles"]

[Text] PAP--In connection with the election of Mieczyslaw Solecki as first secretary of the Leszno Voivodship PZPR Committee, the Council of Ministers chairman recalled him from the office of under secretary of state and first deputy minister of agriculture.

At the motion of the minister of metallurgy, the Council of Ministers chairman recalled Janusz Bojakowski from the office of under secretary of state in the Ministry of Metallurgy. The Council of Ministers chairman thanked the officials recalled for the work previously performed at their leading state posts.

At the motion of the minister of heavy and agricultural machines industry, the Council of Ministers chairman appointed Dr Henryk Lukaszewski as under secretary of state in the Ministry of Heavy and Agricultural Machines Industry.

Born in 1928 at Grabino, Skierniewice Voivodship, into a peasant family, Henryk Lukaszewski obtained higher education and the degree of doctor in economic sciences. He began professional work in 1947 in the district board of communal cooperative societies in Lowicz, and in 1948-51 he was teacher at the elementary school in Tubadzin. From 1951 to 1952 he was deputy section chief in the Lodz Voivodship board of the Polish Youth Union, and from 1952 to 1955 studied in the higher school of economics in Lodz. After graduation, he worked in the latter school until 1956. From 1956 to 1975, he was employed in the Lodz Voivodship PZPR Committee, toward the end as second secretary, and from there he was transferred to the PZPR Central Committee as first deputy chief of the economic department, and then as first deputy chief of the Heavy Industry, Transport and Building Department.

ZYCIE WARSZAWY ON U.S.-PRC PLOT IN NORTHEAST INDIA

AU171000 Warsaw ZYCIE WARSZAWY in Polish 14-15 Jun 80 p 4

[Franciszek Nietz commentary: "Indian Troubles"]

[Text] The seven sisters--this is the term that is being applied to the northeastern regions of India, including the states Assam, Maghalaja, Tripura, Manipur and Nagaland, as well as the federal territories of Mizoram and Aranchal-Pradesh.

Squeezed into a narrow corridor between China and Bangladesh, that territory is populated by 100 nationalities and tribes who, not without favorable assistance on the part of British colonizers, have preached separatist claims before. Besides, they have done more than preach those claims. Since the time India won its independence, its territorial unity and political stability has been most threatened precisely on the northeastern borders.

Today the British have been replaced by their eager successors. For at least several years, the separatist activity has been inspired and supported by outside forces. Indira Gandhi, who is careful in what she says, speaks about a "certain foreign power." The press, which is more straightforward, directly accuses China and the United States of interference in the domestic affairs of the country. The Indian Government agency recently reported a secret meeting held by American and Chinese specialists in subversive activity with leaders of separatist and nationalist organizations in South Asia.

It should be added that Beijing and Washington are supplying the rebels with weapons and ammunition, and are training them in special centers on the territory of China. The West is financing and the Chinese are training a terrorist organization called "The United Liberation Army of the Seven Sisters." Its main goal is to separate that region from India.

With all those facts gathered together, it is somewhat easier to understand the riots that have been going on in Assam for more than 6 months, and the recent tragic events in Tripura where several hundred persons died in incidents provoked by extremist groups.

Ethnic or territorial tensions and conflicts have always constituted a difficult and painful problem for India. The activity of China, the United States and also partially of Pakistan will certainly not ease its solution.

BRIEFS

AMBASSADOR TO PERU--At its today's session the Polish Council of State appointed Edwin Wisniewski Poland's ambassador to the Republic of Peru. Edwin Wisniewski, 53, is an economist by profession. For 28 years he worked in the maritime economy and during the last seven years he was vice-minister of shipping. [Text] [Warsaw PAP in English 1708 GMT 12 Jun 80 LD]

TRADE COOPERATION WITH INDIA--PAP--On 11 June R. Karski, Polish minister of foreign trade and maritime economy, received Mohammad Yunus, chairman of the All-Indian Fairs Administration. Among other things, they discussed the state of implementing the current trade agreement and prospects for further developing turnover and for expanding the list of items in trade between Poland and India. Industrial cooperation, cooperation in the sphere of fairs and exhibitions, as well as cooperation between the two countries on third markets were also touched upon. [Text] [Warsaw TRYBUNA LUDU in Polish 12 Jun 80 p 7 AU]

AMBASSADOR TO TOGO--Lome, PAP--Polish Ambassador Witold Jurasz recently presented his credentials to General Gnassingbe Eyademe, president of the Republic of Togo. Following the credentials presentation, Ambassador Jurasz was received by the president. [Text] [Warsaw TRYBUNA LUDU in Polish 12 Jun 80 p 7 AU]

DEPARTURE OF TUNISIAN AMBASSADOR--PAP--On 11 June Abdeluelil Mehiri, hitherto ambassador of the Republic of Tunisia to Poland, left Warsaw. [Text] [Warsaw TRYBUNA LUDU in Polish 12 Jun 80 p 7 AU]

CEAUSESCU RECEIVES PORTUGAL'S MARIO SOARES

AU171838 Bucharest AGERPRES in English 1800 GMT 17 Jun 80

[Text] Bucharest, AGERPRES, 17/6/1980--Nicolae Ceausescu, general secretary of the Romanian Communist Party, Romania's president, received at Snagov-Bucharest, on June 17, the delegation of the Portuguese Socialist Party led by Mario Soares, secretary-general of the party, that are paying a visit to Romania at the invitation of the CC of the RCP.

The delegation includes Catanho Meneses, member of the Steering Commission, deputy; Maria Barroso Soares, member of the National Commission, deputy; Fernando Medeiros, deputy head of the international section of the party.

The interview was attended by Elena Ceausescu, member of the Political Executive Committee of the CC of the RCP, first deputy prime minister; Dumitru Popescu, member of the Political Executive Committee, secretary of the CC of the RCP; Stefan Andrei, alternate member of the Political Executive Committee of the CC of the RCP, minister of foreign affairs.

During the talks, Nicolae Ceausescu and Mario Soares informed each other of the activity and current preoccupations of the two parties. Reference was made to the good relations of collaboration between the Romanian Communist Party and the Portuguese Socialist Party, the mutual wish being expressed to intensify these relations, to steadily expand the cooperation between the two parties, the fact being assessed that this serves the development of the relations of friendship and collaboration between Romania and Portugal, between the Romanian and Portuguese peoples, the cause of peace and international collaboration.

The general secretary of the Romanian Communist Party and the secretary-general of the Portuguese Socialist Party also exchanged opinions on the current international political situation. Expressed was the concern over the deterioration of international relations, and stressed was the necessity to act for halting the worsening of the world political climate, for resuming and consolidating the policy of peace and detente. Emphasis was placed on the need for intensified efforts towards the exclusively peaceful, negotiated settlement of the states of tension and conflict, of all interstate differences, the use of force being completely given up.

Particular attention was given during the talks to the achievement of security and collaboration on the European Continent, and the importance was highlighted of the thorough preparation of the Madrid meeting so that it gives fresh impetus to the implementation of the Helsinki Final Act as a unitary whole, lead to eficacious measures of military disengagement and disarmament.

It was stressed that the achievement of detente called for resolute actions for disarmament, nuclear in particular, for the liquidation of underdevelopment and the building of a new international economic order, for the establishment of new-type relations among the states of the world meant to ensure each people's right to free, independent development, according to its own wish.

Nicolae Ceausescu and Mario Soares highlighted the importance of strengthening solidarity among all democratic and progressive, anti-imperialist and anti-colonialist forces in the struggle for promoting a new-type policy of progress, peace and detente. The interview passed in an atmosphere of warm friendship.

Nicolae Ceausescu and Elena Ceausescu entertained Mario Soares and his wife Maria Barroso Soares to lunch. During the lunch, which passed in a friendly atmosphere, Nicolae Ceausescu and Mario Soares proposed toasts to the further development of the relations of friendship and collaboration between the two parties, between the Romanian and the Portuguese peoples, to peace, collaboration and international understanding.

SCINTEIA VIEWS HISTORY OF ROMANIAN-U.S. RELATIONS

AU161820 Bucharest SCINTEIA in Romanian 14 Jun 80 p 5

[N. Plopeanu: "Fruitful Cooperation in a Spirit of Equality and Mutual Respect"]

[Text] Today the chronicle of Romanian-U.S. relations features an event of special significance: 100 years since the establishment of diplomatic relations between the two states, following U.S. recognition of Romania's independence.

The anniversary of the political event that took place 100 years ago affords us an opportunity to review the good relations between the two countries and peoples, relations with old traditions which increasingly develop in our times.

Indeed, as noted in historical documents, the "Declaration of Independence" and the independence war waged by the pioneers of the American Revolution had an echo in Romania, too. Our people, themselves engaged in a ceaseless struggle to shake off the foreign yoke, for freedom and independence, hailed with satisfaction the victory of the American people, for whom they harbored feelings of friendship, esteem and appreciation. As a natural consequence thereof, after the unification of Moldavia and Wallachia on 24 January 1859, negotiations were initiated to establish consular relations between the reunited Romanian principalities and the far off United States of America. As a result, from the very first year of the unification, when the new state was still under Ottoman Suzerainty, the United States accredited a consul to the united principalities. Negotiations began at the same time for a treaty of friendship, commerce and navigation. Following increasing development of U.S.-Romanian economic relations, a commercial agency was also estalished in 1879 at the U.S. Consulate in Bucharest.

After Romania won independence, relations between Bucharest and Washington entered a new stage, which culminated in the establishment of diplomatic relations in June 1880. A Romanian diplomatic envoy was sent to the United States, whose special mission was to "remit to the president of the United States of America a note designed to inform him of Romania's independence, as a free and sovereign state." In its turn, the U.S. Government declared--on the occasion of the appointment of a new diplomatic representative to our country--that the United States recognized "beyond question Romania's complete sovereignty and independence." In a letter to the Romanian Government, President Rutherford B. Hayes, noting the proclamation of our country's independence and sovereignty, assured it that "the U.S. Government and people acknowledged this event with the greatest cordiality" and fully shared Romania's desire for "friendship between the two countries."

To the satisfaction of both peoples, the friendly ties have expanded and developed in these 100 years. Particularly in recent years, Romanian-U.S. relations have continuously developed in all areas, in the spirit of the requirements of peaceful coexistence between countries with different social systems.

Meetings and talks in Bucharest and Washington between the presidents of the two states were of decisive importance in promoting mutual relations, because they established milestones in the ascending course of Romanian-U.S. relations.

The summit dialogue occasioned by the state visit paid by President Nicolae Ceausescu and Comrade Elena Ceausescu to the United States in 1978 at the invitation of President Jimmy Carter and Mrs Rosalynn Carter constituted a fresh and clear confirmation along this line.

The Romanian-U.S. summit contacts, the principles affirmed during the talks, the highly important documents signed on such occasions and the prospects they opened up within the continuously ascending evolution of bilateral relations, conclusively demonstrate that it is entirely possible for two states with different social and political systems, potential and level of development to establish and develop good relations of mutually advantageous cooperation and collaboration when they are inspried by the joint desire to do so, and when their relations are based on the principles of equality of rights, respect for national independence and sovereignty, and mutual advantage.

"We note with satisfaction," President Nicolae Ceausescu said in this connection, "that political contacts have intensified in recent years, that our economic, scientific-technical and cultural relations have been continuously increasing and diversifying, and that the bilateral legal framework and cooperation have expanded in order to settle major international problems." In his turn, President Jimmy Carter emphasized: "The relations between our two countries have become increasingly close in the course of years, in a spirit of mutual respect for the efforts made by each of us to secure a safer and better future for our peoples."

Thus, mutual economic exchanges have continuously developed. Last year such exchanges totalled $1 billion. The recent session of the joint Romanian-U.S. Economic Commission ended with agreements on new cooperation ventures between Romanian foreign trade enterprises and U.S. firms, including cooperation in the exploitation of coal deposits. Other cooperation ventures were also discussed and will be finalized.

Scientific-technical and cultural cooperation are also developing. In this area we note the activities of the Romanian library in Washington and of the U.S. library in Bucharest, exchanges of students and professors, and so forth.

The ascending evolution of Romanian-U.S. relations is fully in keeping with the basic interests of the Romanian and American peoples, and at the same time with the general requirements of cooperation among all states, regardless of their social system, of detente and understanding throughout the world.

The messages exchanged on the occasion of this jubliee event between Presidents Nicolae Ceausescu and Jimmy Carter clearly express the conviction that the relations between the two countries and peoples will further expand in the future for their mutual benefit and in their mutual interests, and in the interest of the general cause of peace and cooperation among all nations.

DUMA, DELEGATION RECEIVED BY MADAGASCAR PRESIDENT

AU171941 Bucharest AGERPRES in English 1830 GMT 17 Jun 80

[Text] Tananarive, AGERPRES, 17/6/1980--Didier Ratsiraka, president of the Democratic Republic of Madagascar, received Aurel Duma, head of the Romanian delegation to the proceedings of the sixth session of the joint Romanian-Malagasy Governmental Commission on Economic and Technical Cooperation, minister secretary of state at the Ministry of Foreign Affairs.

On behalf of President Nicolae Ceausescu, a message of friendship was conveyed to President Didier Ratsiraka. Thanking for the message, the president of Madagascar requested that a warm, friendly salute be conveyed to President Nicolae Ceausescu. During the talk, concrete aspects were approached of the development of the Romanian-Malagasy relations, particularly of the expansion of economic relations and growth of the volume of commercial exchanges, and opinions were exchanged on current international questions of mutual interest.

COOPERATION COMMISSION WITH FRANCE BEGINS PARIS SESSION

AU171848 Bucharest AGERPRES in English 1750 GMT 17 Jun 80

[Text] Paris, AGERPRES, 17/6/1980--The eleventh session of the joint Romanian-French Governmental Commission of Economic, Scientific and Technical Cooperation started in Paris. The Romanian delegation is led by Gheorghe Radulescu, vice president of the State Council, chairman for Romania of the commission, and the French delegation by Jean Francois Deniau, minister of foreign trade, chairman for France of the commission.

Opening the session, Minister J.F.Deniau pointed to the importance of the steady development of the relations of friendship and collaboration between Romania and France, stressing the need to further stimulate and diversify bilateral commercial exchanges and economic cooperation.

Expressing satisfaction at the forthcoming state visit, Romania's President Nicolae Ceausescu and Elena Ceausescu will pay to France, the French minister said that the proceedings of the session must occasion the drawing of a balance sheet of the ascending evolution of the Romanian-French relations of cooperation on multiple planes. Likewise, the will was reaffirmed to stimulate mutually advanced technology, to diversify and expand the economic exchanges between Romania and France, to expand cooperation on third markets.

In his turn, Gheorghe Radulescu pointed to the importance the session has in the context of the preparations made for the summit visit to France, and highlighted the Romanian side's resolve to intensify efforts towards the expansion of economic exchanges on balanced terms and in a structure meeting the possibilities the economies of the two countries have, towards industrial and technological cooperation in modern and varied forms, particularly through the setting up of further joint production and marketing companies.

The session analyses the stage of implementing the decisions made in Bucharest in March 1979 by Presidents Nicolae Ceausescu and Valery Giscard d'Estaing, and of the measures set at the latest session of the joint commission. New measures are also examined regarding the intensification of economic cooperation, the steady increase of Romanian-French commercial exchanges.

BRIEFS

BANKING RELATIONS WITH U.S.--On 14 June Comrade Paul Niculescu, deputy prime minister and minister of finance, received H.K.Allen,first vice president of the administrative board of Eximbank Export-Import Bank of the United States, who is visiting our country. The sides discussed aspects of the development of financial-banking relations between Romanian competent organizations and the U.S. bank, and ways and means of cooperation designed to contribute to developing bilateral economic relations. The meeting was attended by Vasile Voloseniuc, president of the Romanian Foreign Trade Bank. [Text] [Bucharaest SCINTEIA in Romanian 15 Jun 80 p 5 AU]

TESLIC: EEC MIDDLE EAST DECLARATION ANOTHER 'SMALL STEP'

AU171500 Belgrade BORBA in Serbo-Croatian 15 Jun 80 p 4

[Vlado Teslic commentary: "Compromise in Venice"]

[Text] The nine in Venice did not rise to the peak of European policy. Indeed, they discussed the specific role of Europe in international political life somewhat more and in a louder voice than earlier, but they came to a stop before the last hurdle--the mountain called America, which still dominates Western Europe.

The energy crisis, the increase in the price of oil, inflation, unemployment were in the background this time. In fact those problems continue to press heavily on West European countries, but they do not seem to possess the strength, the unity and the will to oppose the OPEC countries' decisions on oil price increases and even less the United States, which, despite all the advice and requests, rejects energy conservation, using to a great extent large oil supplies and the privileged position of the dollar in oil trading.

The so-called European initiatives to solve the Middle East crisis were in the forefront of the Venice session. There is no doubt that Venice means an evolution of the nine countries toward the rights of the Palestinians as well as toward the recognition of the PLO as the legitimate representative of the Palestinian people. But on the whole, it remained one of the "small steps" which various West European countries have been taking toward the Middle East since they have had to face the grave consequences of the extended crisis.

What has failed to appear is a bigger step, or rather that correct step by Western Europe with which it would interrupt the Washington scenario of freezing the Middle East crisis. What was expected at least was action in the United Nations to change the Security Council resolutions that treat the Palestine problem as one of "refugees." More determined positions in condemning the Israeli policy of colonization of the occupied Arab territories on the West Bank, Gaza and Jerusalem were also expected. The disappointment of the Arab countries and the PLO will therefore be considerable, for they have seen and sought Western Europe as a mediator, increasingly avoiding ties with the superpowers.

Another "small step" by Western Europe is even more of an eyesore because it comes after the failure of the Camp David formula and when Washington cannot or will not offer anything else.

The waiting attitude adopted by the nine certainly makes more difficult also the extraordinary session of the UN General Assembly, which, it is envisaged, will deal with the Middle East crisis and correct the injustices toward the Palestinians.

INCREASED TRADE WITH DEVELOPING COUNTRIES PLANNED

AU171655 Belgrade Domestic Service in Serbo-Croatian 1400 GMT 17 Jun 80

[Gordana Buntic report]

[Summary] The preparation of the 1981-85 medium-term development plan includes a social accord on economic cooperation with foreign countries.

At its session today the regional committee of the Chamber of Economy of Yugoslavia for economic cooperation with developing countries reviewed the past results of Yugoslavia's economic cooperation with developing countries. It outlined measures to advance that cooperation in the future. Gordana Buntic reports:

It is anticipated that by 1985 Yugoslavia's trade with developing countries will amount to one-third of its total foreign trade. As was reported at today's session of the regional committee of the Chamber of Economy of Yugoslavia, in the first 4 months last year the developing countries share in Yugoslavia's foreign trade amounted to about 14 percent in exports and about 14 percent in imports. In the first 4 months this year their share in the country's foreign trade increased to over 18 percent in exports and about 17 percent in imports. The Arab countries occupy first place in Yugoslavia's trade with developing countries. They are followed in order of importance by the African countries south of the Sahara, Asia and Latin America.

Yugoslavia's volume of trade with developing countries is obviously too small in view of existing opportunities and the level of political relations with individual groups of those countries. New forms of cooperation must be found, especially regarding cooperation in the fields of science, technology and equipment. Meanwhile Yugoslavia must also increase its imports of industrial products from developing countries.

COOPERATION AGREEMENT ON INFORMATION SIGNED WITH GUYANA

ID180058 Belgrade TANJUG in English 1804 GMT 13 Jun 80

["Pool" Item]

[Text] Belgrade, June 13, (TANJUG)--An agreement in cooperation in information between Yugoslavia and the Cooperative Republic of Guayana was signed here today. Ismail Bajra, federal secretary for information, signed for Yugoslavia and Frank Campbell, state minister of information, signed for Guayana. The agreement provides for a further widening and enrichment of direct cooperation between the two countries' news agencies, radio and TV organizations, enterprises for selling, producing and presenting films and filmed press, exchange of journalists and cooperation between research institutes in the field of journalism.

Also today, Yugoslav Federal Secretary for Foreign Affairs Josip Vrhovec talked with Guayana's minister for information, Frank Campbell. Bilateral relations were discussed and opinions on current questions in international relations and the nonaligned countries' policy and movement were also discussed.

KOSTIC RECEIVES CUBAN NATIONAL BANK DELEGATION

LD171326 Belgrade TANJUG Domestic Service in Serbo-Croatian 1150 GMT 17 Jun 80

[Text] Belgrade--Petar Kostic, member of the Federal Executive Council and federal secretary of finance, today received a delegation of the National Bank of Cuba led by Raul Leon, minister president of the bank. During the meeting the two sides noted that the agreement signed between Yugoslav banks and the National Bank of Cuba, which granted a framework $40 million credit line to this bank under the same conditions as apply to the CECD market, would contribute to a more intensive commodity exchange between our country and Cuba. The possibility of cooperating on third markets and of multilateral cooperation among the developing countries was also pointed out.

DJURANOVIC ADDRESS TO 11TH LCY CENTRAL COMMITTEE SESSION

LD122015 Belgrade TANJUG Domestic Service in Serbo-Croatian 2338 GMT 11 Jun 80

["Djuranovic's Address to LCY Central Committee Session"--TANJUG headline]

[Text] Belgrade, 12 June--Veselin Djuranovic, member of the LCY Central Committee Presidium and president of the Federal Executive Council, delivered an introductory report on topical questions of implementing the policy of economic stabilization and the tasks of the League of Communists. He said:

Without neglecting the importance and the need for comprehensive and organized socio-political and ideopolitical activity in other fields of social development or the need to strengthen internal political stability in general and to continue consolidating and strengthening our international position, we must, nonetheless, take as our starting point the assessment and position that the development of socioeconomic relations on the basis of self-management and the implementation of the policy of economic stabilization is the central question of the present political moment and the future period of our social development. A close mutual dependence and conditionality of the struggle for the internal and foreign political stability of the state and the struggle for a stability of the Yugoslav economy are beyond dispute. The implementation of the policy of economic stabilization is actually the main course of the struggle to ensure the social possibilities for consolidation and more intensive development of the system of socialist self-management.

This is not the first time that we describe the policy of economic stabilization as our most important task. And yet it is today more necessary than in the past. Several reasons, among them the question of the ideopolitical attitude of the League of Communists and its action in this connection, have influenced that. It seems to be indisputable that it is necessary to consider critically our attitude toward the implementation of the clearly defined tasks of the 11th LCY Congress in the field of economic stabilization. One can find a considerable variance between our orientations and our concrete action, irrespective of the fact that we are tackling certain objective causes and difficulties.

It is more than obvious that we must learn from the experiences from our work and our attitude in the past period in connection with the struggle to remove the causes giving rise to instability in the economic development and to disturbances in the trends of social reproduction. The moment is also suitable for this.

We are now in the last year of the social plan for the 1976-80 period. Now it is possible to examine more completely the results achieved and the basic problems of development. Meanwhile we are in the middle of the preparations for adopting the social plan for the 1981-85 period. In this matter we are obliged to respond to all important questions which, as pending and topical, have been raised in the past development. We are also obliged to formulate a clear concept of social development in the next 5-year period and the measures and instruments of economic operations that should enable the successful implementation of the policy and tasks adopted with an accord.

At the same time we are approaching the end of the period in which we adopted and began to implement the Law on Social [as received, usually referred to as "associated"] Labor and several important laws with which we have actually rounded up our socioeconomic and political system according to the fundamental principles of the constitution. With the legal regulation of the most important questions from the field of expanded reproduction, which has reached the final stage, we will ensure all main conditions pertaining to the system for the development of socioeconomic and sociopolitical relations. This should ensure a decisive role for associated labor in all fields of social reproduction. Nevertheless, at this moment a certain stagnation in the development of self-managing socialist relations is being felt. The decisions of the LCY Central Committee Presidium adopted in November 1979 also contain this assessment. The reason for that is because along with the development of the institutional basis of self-management, which has for the greater part been worked out, we did not more completely and concretely perfect and adopt appropriate measures and instruments that would even better develop the economic basis of self-managing production relations. The legal solutions themselves could not automatically ensure these processes.

As far as the suitable moment to learn from the past experiences and lessons is concerned, or better said to achieve an actual change in the struggle for economic stabilization, it is necessary to describe in greater detail the reasons urgently calling for this change.

The dynamics of the social-material development significant for the entire postwar period is also the significant feature of development in the years of the current social plan. That is confirmed by the data for the past 4 years (1976-79) in which the average annual rate of growth of social product totaled 6.4 percent, of industrial production 7.4 percent, of agricultural production 2.5 percent, employment 4.2 percent, consumer goods [sredstva za finalno porabo] 6.8 percent, economic investments in fixed assets 10.1 percent and personal consumption 6.1 percent.

However, the dynamic growth has not been accompanied by a corresponding growth of quality. In addition certain contradictions in the development and distribution of national income have been intensified. The variance between the funds actually available for development and consumption and the development plans and the level of consumption is obvious. Economic investments in fixed assets have increased much more rapidly than social product (10.1:6.4 percent). The funds for final consumption have also increased more rapidly (6.8:6.4 percent). Personal consumption has also increased above the plan, although only by a fraction, but this variance is being felt more because the rate of growth of social product is less than planned. Employment has increased faster than planned (4.2: 3.5 percent as planned), while the share of growth of productivity in the growth of social product is 14 percent smaller than planned (39:53 percent as we planned).

Accordingly, it is indisputable that the dynamics of growth and the level of consumption are not in accordance with the actual income available. This has necessarily resulted in our having achieved a certain rate of growth and standard of living at the expense of a constant increase in debts to foreign countries and an increase in the trade and payments deficit. It is in this connection that characteristics of extensive development have been largely expressed. This is perhaps one of the causes which give rise to economic instability and to disturbances in reproduction trends. (Although we are a developing country we cannot set a level of growth as a goal that must be implemented at any price, but rather the level of growth must reflect our actual possibilities both on the domestic and foreign trade plane.)

The internal commodity and monetary relations became too strained simultaneously with the dynamic growth and the high demand conditions in the domestic market and this state of affairs was manifested primarily in an excessive increase of domestic demand that exceeded and continues to exceed our entire supply possibilities. Thus we are witnessing a weakened internal balance, something that, together with some other factors, considerably encouraged inflation, reflected in relatively high price increases. That, too, is then one of the causes that essentially affect economic instability and disruptions in reproduction trends.

Special attention must be devoted to appraising the state of foreign economic relations because the deficits in the trade balance and the balance of payments have become the main factors limiting the entire development, frequently decisively influencing all reproduction trends. In this connection it is necessary to proceed from the fact that the causes of unfavorable tendencies in the field of foreign economic relations are not of the most recent date. On the contrary, the tendencies of a weakening of our foreign trade have been apparent during the last 15 years, that is, since 1965.

Let me cite only a few inescapable facts that attest to this situation. In the 1965-75 10-year period the extent to which our imports were covered by our exports decreased from 73.8 to 56.4 percent, that is, by over 17 percent and the proportion of trade deficit in relations to exports was reduced by nearly 42 percent (whereas previously the trade deficit amounted to 35.5 dinars for every 100 dinars of exports, at the end of the aforementioned 10-year period this trade deficit amounted to 77.3 dinars for every 100 dinars of exports). The situation has not changed to any considerable extent during the first 4 years of the current social plan period, considering the average for this period. Our exports cover 55.9 percent of our imports, as compared to the corresponding figure of 56.4 percent in the previous period, and the trade deficit amounts to 78.3 dinars for every 100 dinars of our exports. The situation rapidly deteriorated in 1979. The exports covered barely 48.5 percent of our imports and the entire trade deficit exceeded the value of our entire exports.

These relationships in the field of our foreign economic exchange can best be explained by the fact that in the last 8 years, from 1972 to 1979, the country's social product increased 51 percent and that at the same time the country's imports marked a real increase of 48 percent and its exports a real increase of barely 15 percent.

So dramatic is the variance in the balance of imports and exports that it demonstrates in the best possible way the essential causes of the grave foreign trade imbalance and the profound disruptions in the trends of social reproduction. Although this tendency was noted a very long time ago, and was therefore the grounds for (?setting the most important tasks) in the current medium-term plan--that is for increasing efforts to remove these disproportions--instead of the expected results this disharmony further deepened, giving rise to further problems in the country's balance of payments.

We certainly have no cause to neglect the causes of economic stability in our country, which are partly of a foreign economic nature. On the one hand there are the unfavorable international economic circumstances which make it more difficult for developing countries, and thus for our country too, to penetrate further into the world market. On the other hand there is the exceptionally high increase in oil prices and the rise in prices of equipment, technology and reproduction materials, which has a very important but unfavorable effect on our country's economy.

And this is so in two ways: On the one hand because our trade deficit is increased owing to the considerable quantities of oil and petroleum derivatives we import; and on the other hand because of the significant multiplicative effect of high prices of imported oil, petroleum derivatives, equipment, technology and reproduction materials upon the movement of prices of our industrial products. This is confirmed by the fact that this year we must pay over $2 billion more than in 1978, and this for almost the same quantities of oil. The increase in oil prices last year--December 1979 compared to December 1978--was up by 34.3 percent. In May of this year compared to December 1979 it was up a further 73 percent. Meanwhile the price increase for derivatives was up 66.6 percent in December of last year compared to December 1978, and in May of this year compared to May 1979 was up by a further 43.2 percent. Such an increase in the price of oil and derivatives has given rise to an increase in industrial prices of 3.01 percent last year and 3.32 percent this year.

The aforementioned data demonstrate that the basic causes of the problems in the sector of economic relations with foreign countries lie in insufficient and low exports, that is, in the conditions and motives of economic activity and development--which have up till now been in evidence in our economic practice--which have not prompted organizations of associated labor to seek their income and development advantage in greater exports and in rational substitution of imports, coming face-to-face with the criteria of the world market and world labor productivity.

The problems in the sector of economic relations with foreign countries have acquired greater dimensions because we have not managed to realize the policy of overcoming the existing economic disproportions. Such a task was laid out by the current medium-term plan. In spite of the fact that at the federal level all the necessary measures have been adopted, providing for specific favorable concessions for the development of activities of special importance, we have not attained the goals set in this regard. There are many reasons for this. The prime reason is that the conditions of economic activity have gradually led to a weakening of the operation of economic laws giving further rise to a different orientation of the economic interest of organizations of associated labor with regard to investments. Cheaper imported reproduction materials and raw materials have been of considerable influence in encouraging organizations of associated labor to invest in expanding reprocessing capacities founded upon imports, instead of investing through association of labor and means in the development of domestic raw materials and reproduction materials.

Accumulation has not been adequately directed towards resolving structural problems in the appropriate way and on self-managing bases, with the support, too, of specific joint economic policy measures. In addition, the front of high priority activities has been set somewhat broadly, which to a considerable extent diluted at the very beginning the agreed orientation towards overcoming economic disproportions. It must be also noted that the entire front of investments is too wide and accumulation is essentially distributed territorially, something that is deepening the gap between the investment and the development policies.

Finally, it can be concluded that we have not succeeded with the present medium-term plan appropriately to carry out selection of joint interests and thereby make the development goals and tasks as well as their realization more real. It happened that in these and similar conditions, each republic and province, each industry and economic group insisted on resolving its own problems, thereby reducing the opportunities to resolve those problems which are truly of joint interest, that is, [words indistinct] genuinely to resolve structural problems.

A more complete analysis of the basic causes having an unfavorable effect on the realization of the development policy, the economic stabilization policy and the policy of a more dynamic development of socialist self-managing relations, prompts us to the conclusion that the basic cause should nevertheless be sought in the under-development of the economic basis and in the motives for development of income-based relations and economic activity as a whole.

The economic motive for economic activity and the role of market criteria in economic activity are of limited affect. Socioeconomic conditions, economic instruments and measures still do not guarantee the economic stimuli and economic imperative that would be decisive in encouraging all producers constantly to raise labor productivity, in encouraging more efficient economic activity, to improve quality and expand the assortment of manufacturers, thereby strengthening their competitiveness in the domestic and foreign markets. The income acquired on the basis of exports, for example, has not hitherto represented any economic motivation for producers to orient themselves permanently towards exports. Owing to relatively cheap imports and high price rises on the domestic market they have been able to realize a greater income on that market. In such conditions any labor productivity and criteria for economic activity established in the world market have had no effect and have no vital effect on labor productivity in the country, on more reasonable production costs, on investment policy and on imports. Relations in primary distribution are more frequently being disrupted through noneconomic factors. In fact, in all this, objective conditions have not found their affirmation for increasing the participation of association of labor and means, for mutual business and production linkage of organizations of associated labor on more permanent income relations.

In all this, in the conditions of increasingly great economic instability and disruption, it has come about that certain instruments and measures from the state's arsenal have been maintained, even as far as a certain increase in state regulation in a series of reproduction sectors. Were this to last much longer and were the prolongation of the state of economic disproportion and instability to be imposed, this would constitute a real and material danger for the development of self-managing relations.

Bearing in mind all the aforementioned causes and characteristics of socioeconomic relations and economic trends hitherto, one may justly conclude that the further development of production relations on a self-managing basis is strongly conditioned by the extent to which and the rate at which the economic motives for economic activity and the operation of economic laws in the struggle for income are strengthened. The mutual interdependence of the development of self-managing production relations and the market criteria and laws in economic operations and in earning and distributing income is one of the most important laws of our social relations. On this basis alone it is possible to give a forceful stimulus for labor productivity, for efficient economic activity, for rational investment, for income linkage, for the association of labor and means and for the consistent application of the basic socialist principles of distribution according to the results of labor.

Proceeding from the aforementioned assessments and standpoints, and faced with very complex and grave economic problems, in addition to a number of very unfavorable tendencies in socioeconomic trends, and in this connection also with a critical assessment of the trends in economic stabilization so far, it was necessary to set about drawing up a more integral program and measures for economic stabilization.

This demand is directly contained in the decisions of the LCY Central Committee Presidium of November 1979. A realistic approach to realizing this task directed us to give the first priority to those measures that will give the most immediate effect in this year, and then to work on the measures that will ensure the continuity of an effective struggle for economic stabilization, while we proceed to a new social plan and, finally, to finish off this entire work by elaborating all the basic instruments of economic activity and measures of joint economic policy that will also comprise the basic content of the new social plan. In fact, with regard to the timing of the work on adopting the economic stabilization policy, and with regard to the basic conception of this policy, it involves essentially a uniform action and program of measures, with the condition that, for the aforementioned reasons, some of them should have been adopted earlier in order to ensure that they would give the most immediate results, above all in realizing the country's balance of payments policy in 1980.

All measures should be based upon and should proceed from a unified conception comprising the basic creation of socioeconomic conditions that will guarantee the self-management organization of associated labor all the necessary prerogatives of economic power and decision-making which belong to it according to the constitution and the Law on Associated Labor. This is so that associated labor can coordinate its interests and the production trends in social reproduction in the process of income-linking and association of labor and means, as well as the appropriate distribution. This means that reproduction trends and relations should be based on economic laws, that our economy should come face-to-face in the most direct way with world labor productivity and that it should be based on self-management decision-making within the framework of the system of self-managing social planning and the self-management system of augmented reproduction.

Accordingly, a basic factor in further socioeconomic development should be the creation of conditions for association of labor and means on an income basis in economic entities of the reproduction process, independent of territorial frontiers. In fact, income-linking and acquisition of income by participation in joint income and receipts through association of labor and means, is becoming the key issue to overcome the existing contradictions and structural disharmonies.

An integral part of this approach is also the drawing up of economic instruments and measures, or the creation of socioeconomic conditions, which will ensure that branches and groups of the economy, that is the producers, are in the most equitable possible socioeconomic position in the uniform Yugoslav market. This would give a forceful stimulus to economic interest in a more rapid growth of labor productivity and in consolidating the orientation of organizations of associated labor primarily toward increasing their income, and promoting development by improving their economics.

In the same way there is no doubt that it is necessary to accelerate the process that will lead to the basic goal--that workers in associated labor dispose of income and thereby of the means for simple and augmented reproduction. Hence, the most immediate obligation is to adopt a law on the basis of socioeconomic relations in economic activity by the means of augmented reproduction on the basis of past labor. This relation means that funds in banks, too, are formed by means of association. At the same time, it is necessary to take appropriate measures to prevent the formation of monetary funds on inflationary bases, and to prevent money which does not bear the character of investment funds from being directed into investment.

In addition to all this it should be borne in mind that economic instability and disruptions in reproduction act as a disincentive to association of labor and means, so that there is a strongly expressed tendency for funds for augmented reproduction to be territorialized and to be invested in one's own organization of associated labor, on the territory of one's own municipality, one's own region, one's republic or province. In these and similar conditions concern for the elimination of structural disproportions is left to someone else, most often to administrative measures and to state intervention.

In affirming the economic motives in economic activity and strengthening market factors in the struggle for income, it is necessary to create conditions to overcome, gradually but decisively, the practice whereby weaknesses in economic activity of many organizations of associated labor are covered by means of price rises or by measures of the social community, or at the expense of other sections of associated labor. This has to a great extent led to correct economic rehabilitation measures not being found, but to losses constantly accumulating in organizations of associated labor in the economy, losses which in the previous 4 years of the social plan averaged 17.1 billion dinars a year.

The elaboration and concretization of all measures along the lines of this basic approach, in addition to the creation of a wider scope for self-management organization of associated labor and strengthening of all elements of self-management production relations, should facilitate that the coordination of a multitude of particular interests and the establishment of agreement on joint interests gains a constructive basis for more objective criteria for orientations. Social agreement-making and self-management contracting will thereby be freed to a great degree from subjective approaches and constructions. There will thereby be less scope for political confrontation, and the lengthy nature of agreement-making and contracting will be reduced to within realistically acceptable limits.

Finally, all this will blaze a further path towards reducing the role of the state exclusively to its competence in accordance with the constitution and the laws, that is, to its protective function, which is an integral part of the struggle for the realization and defense of the basic interests of the working class organized in associated labor.

As is already known, the first step towards adopting all these measures was the Federal Executive Council's decision on changing the dinar exchange rate. Two factors had a critical effect on this: First, the necessity to undertake the maximum efforts aimed at realizing the established balance of payments policy for 1980, and more favourable balance of payment trends next year; and second, the necessity to make more effective in this way the processes of strengthening economic laws in economic activity as a whole.

Were I to summarize the most important reasons vital for the orientation on changing the dinar exchange rate, they would be the following:

First, the existing rate of the dinar was obviously not enough of an incentive for exports, on the one hand, while imports were made rather attractive for the realization of income on the domestic market, on the other hand.

Second, an analysis of the measures undertaken with the aim of stimulating exports shows that all other measures genuinely of economic importance for stimulating exports were exhausted. Since the expansion of exports is the most important task in this and coming years, it is understandable that the choice of this measure was inevitable.

Third, the existing superstructure of the exchange rate, expressed in a system of additional incentives, already reached a level essentially violating the market criteria for economic activity. Contraction on the levels of incentives increasingly became the expression of subjective constructions and specific compromises.

Fourth, with these changes the policy of primary distribution will acquire a realistic basis.

Fifth, in the past few months efforts were intensified for the implementation of the economic stabilization policy, despite shortcomings and inconsistencies. And thus more favorable conditions have been created to ensure the expected results from that measure.

Sixth, the fact that the adoption of the new social plan is imminent has been in favor of such an orientation.

Seventh, the state of inter-currency relations in the world imposes the need to pursue a more active policy of the rate of exchange, a policy which without this move would not have that kind of quality it realistically should have regarding stimulating exports and eliminating the disparity in price relations.

It goes without saying that the change in the exchange rate of the dinar has no magic power that will in itself resolve the serious problems we face in the sphere of economy. Both the immediate as well as the more long-term positive results based on the change in the exchange rate can be realistically expected only under certain conditions. That is, if in all spheres the stabilization measures defined by the resolution on the development for 1980 as well as measures being proposed together with the change in the exchange rate, and whose aim is ensuring to a greater extent the positive results of the change in the exchange rate, are consistently implemented. Success depends on us alone, on our readiness, ability and resolve and on the unity of action aimed at having stabilization measures in municipalities, republics and provinces and the country as a whole.

Certainly, in pointing out this aspect of the problem, I have in mind also the need for the further intensive work connected with other measures and their implementation.

It is entirely beyond dispute, however, that this measure, as well as the accompanying ones, was inevitable despite [word indistinct] on the seriousness of the problems we will face after the adoption of the decision on the change in the dinar exchange rate. Because, if in opting for this measure we use the method of comparison, not of the possible positive effects and advantages, but a comparison between the unfavorable aspects and difficulties we shall face following its adoption and of the unfavorable aspects and difficulties we would have faced had we not taken the measure--then the orientation of this measure is even more beyond dispute.

If a dynamic economic development is based chiefly on a high internal demand--and all analyses confirm this assessment--if it is based on growing dependence on imports--and this too is confirmed by all analyses--and if it is based on a growing degree of the country's indebtedness--and data available confirm this too--then it is beyond doubt that these unfavorable tendencies must be nipped in the bud. The change in the dinar exchange rate is in this respect one of the most important conditions.

Apart from this, all analyses indicate the conclusion that the exports of goods and services must be the basic strategic orientation. This seems beyond doubt. If it is necessary that exports in the years to come should grow at a rate at least twice that of the rate of growth of industrial production--and all analyses indicate this to be necessary--then the change in the exchange rate of the dinar represents in this respect one of the most important conditions.

The conditions of the economic activity which change considerably with the change in the exchange rate of the dinar also impose fresh tasks and obligations on the organizations of associated labor in all economic spheres as well as fresh tasks and obligations for the conscious socialist forces, above all for the League of Communists, the Socialist Alliance and the Trade Union Federation. It goes without saying that greater tasks are also imposed on the Assembly, executive and management organs in all socio-political communities as well as on the Chamber of Economy and all associations of associated labor. What is at stake, therefore, are measures which do not merely have a character of the economic operation, but also of a social and ideopolitical action of the first order.

What stems from this is the need to examine in detail all the repercussions of the change in the dinar exchange rate on business activity and on the position and development orientation of organizations of associated labor. Answers should be found to numerous questions which this change raises. What is truly needed is the full mobilization of all work collectives and reliance on one's own forces in seeking solutions for problems which will inevitably arise from the change in the dinar exchange rate wherever the orientation toward exports is not sufficient, wherever dependence on imports is great, where problems of supplies of raw materials and reproduction material emerge, where problems in connection with foreign exchange emerge, where organizations of associated labor are facing losses in their business activities, where [words indistinct].

The offensive of the entire social action and in particular of the ideopolitical action of the League of Communists, along with the highest organizational standards and cooperation of action as well as responsibility for positive changes in the situation, should be the basic characteristics of our work and of our entire activity.

It is necessary to draw attention to a number of problems which will also be the basic problems which we will face in the coming months.

The most complex and difficult problems will emerge in the sphere of prices. This is due to imports becoming more expensive, and the effect of this on the costs of business activity; due to continuous significant appropriation of income which exerts continuous pressure in the direction of seeking a way out in price increases; due to the continuing great need to finance investments being sought in price increases; and due to the striving to compensate for the unsatisfactory level of labor productivity and efficiency of economic activity in a considerable number of organizations of associated labor by price increases.

However, the problems in the sphere of prices will be most difficult because the increase in prices has so far deviated from the agreed policy, and the rate of inflation, too, has been above what was expected. In the first 5 months, manufacturing prices increased by 13.4 percent, and the production costs of agricultural produce increased by 11.3 percent in the first 4 months. In addition, the reason for and aim of changing the dinar exchange rate is also to strengthen the competitive ability of our economy in exports.

An increase in prices which would annul the effects resulting from the change in the exchange rate would strengthen, in a more severe form, the elements of economic instability. And finally, a high increase in prices would threaten the living standards of the working people and citizens, and this would intensify the pressure on the increase in personal incomes and other receipts, and would undermine the policy of restricting consumption to more realistic frameworks.

Because of all these aspects, when it comes to the price policy, the decision has been adopted to establish the ceiling prices of products and services, a decision which refers to all products and services, regardless of who is responsible for forming and establishing prices. What is involved is a temporary measure, valid until changes and supplements to the agreement on prices for 1980 have been coordinated. The temporary nature of the decision on establishing price ceilings cannot be understood as giving a kind of free rein to price increases when the decision is no longer in force, as this would very quickly cancel all the effects on which we are counting in the realization of the economic stabilization policy. This is precisely the reason why it is very important for us to reach the fullest agreement possible on the price policy which we will follow until the end of the year--that is, on the price agreement by which we will replace the present agreement.

The point of departure of the price policy in that agreement should be:

First, that the change in the dinar exchange rate cannot eliminate the entire effect of imports on prices but that a part of this burden should be assumed by all organizations of associated labor in all economic branches and groupings;

Second, that in a direct link with the orientation laid down concerning the price policy imposed by the change in the exchange rate, one should count on greater efforts in all organizations of associated labor to weaken the pressure on prices by more efficient business activity, reduction in expenditure for nonproductive purposes, rationalization of costs of business activity, high productivity of labor, better use of capacities and of the working time, agreement-reaching within the frameworks of reproduction entities in the development policy and supply of raw material and reproduction material on a long-term basis, and so on.

And, third, that in branches and groupings, whose position has been more strongly affected by the change in the exchange rate, this blow be deadened for this year, and that in the immediate following period, through a relevant policy in the sphere of primary distribution, changes in prices be implemented gradually but compulsorily where disparities mark these relations.

Thus this year corrections in price parities should also be carried out as an exception where truly necessary and where linked with unsurmountable economic and social, and thus also political problems. We will examine more fully and implement this next year and in the years to come. All price corrections must be in line with the level of world prices, and their level should be verified very carefully and in great detail; not the slightest correction can be allowed where the prices are now above the level of world prices.

The following facts also indicate the reality of such basic orientations of the price policy, which should be determined in the agreement on prices for 1980:

The very significant positive effects of the change in the dinar exchange rate on the exports of goods and services, both those which are now being exported as well as of those which, in view of the incentives provided for greater exports, will participate more intensively in the export trends, are very significant; the level of general and joint consumption laid down in the resolution on the economic policy for this year cannot exceed the growth of 16 percent in relation to the volume of that consumption last year; and a decrease in pressures on price increases is, therefore, realistic.

It should be stressed that with the decision on the temporary setting of maximum prices, the conclusion of the Federal Executive Council has been adopted that all prices whose growth has been outside the frameworks determined by the 1980 agreement on prices should be brought back to the agreed frameworks. This represents an additional space to reduce the intensity of price increases in the next period.

A number of elements listed below should also be borne in mind in this connection.

The temporary decision determining maximum prices has not suspended the self-managing agreements by producers and consumers or the criteria contained in the social agreements on mutual coordination of prices, because this would mean lack of recognition of the self-managing mechanism in the formation of prices which we have been formulating for years. However, not even through these mechanisms can one aim at a mechanical and linear transfer of the change in the exchange rate of the dinar to the increase in prices. This transfer, too, must be differentiated and coordinated with previously listed criteria and the basic approach of the stabilization problem by bearing in mind in this connection that all sections of associated labor must bear the relevant share of the stabilization policy, by saving and by raising productivity and efficiency in business activity.

Price policy in the sphere of energy should not deepen the existing structural energy problems, particularly from the aspects that would negate the incentives for a speedier substitution of imported energy components with our own resources. One should also bear in mind the fact that the increase in prices in this sphere so far has placed an exceptionally high burden on other organizations of associated labor in production.

In fact, a price policy devised in this way under new conditions should be fully as possible a part of the function of the struggle against inflation, a struggle which in the new situation must be waged in a more organized manner, on the basis of programmes and more resolutely.

It goes without saying that all measures of the credit and monetary policy, too, should be as consistently as possible a part of the function of curbing inflation.

Other complexes of industrial production should, as a rule, compensate by their own efforts for the increased costs resulting from the change in the exchange rate, by using internal reserves, which are not small, and in the first place by the most complex programs of saving as much as possible on all items of reproduction.

Exceptions to the above at all levels could be made to the most minimum extent in line with the criteria established beforehand and in line with a special socially verified procedure.

Comrades, the consistent implementation of the economic stabilization policy in all spheres of consumption imposes itself even more both as an obligation and as a task in conditions following the change in the exchange rate of the dinar. In fact, it is now being confirmed even more that the discrepancy between the realistically available income on the one hand and the level of all aspects of consumption on the other represents one of the most significant hotbeds of economic instability. An analysis of the trends and relations in distribution in the first months of this year shows that the policy of personal incomes is very much in line with the orientations contained in the 1980 development resolution, while general, joint and investment consumption continued moving outside the frameworks of the established policy.

The demands made regarding the coordination of trends and levels of consumption with the orientation contained in the 1980 development resolution are being raised in a more severe form in the newly arisen situation.

This refers above all to the policy of personal incomes of those employed outside material production, to demands that the increase in receipts in the sphere of old-age and disabled insurance be coordinated with the average increase in personal income of workers in the economy, to the orientation to stick to the attitude that the nominal increase in general and joint consumption be about 16 percent, though conditions following the change in the exchange rate are becoming more incisive, and so forth. All this imposes the need for greater efforts aimed at the consistent implementation of these demands and policy of personal, general and joint consumption as a whole.

It goes without saying that the more automatism [automatizam] in the financing of individual aspects of consumption is retained, while principles of the free exchange of labor are still in the sphere of mere declarative orientation, disruptions and discrepancies will continue to be present in the relations of incomes and consumption, with all the unfavorable consequences for the trends of reproduction and distribution of incomes.

At the beginning of the speech we listed data on the rate of growth of economic investments and on the discrepancy between the rate of their growth and the rate of growth of the social product. The share of all the investments in the social product in our country is among the highest in the world. The volume of investments in itself cannot be the cause of instability if it is coordinated with the realistically available accumulation along with a bearable degree of indebtedness abroad--in fact, if the volume of investments is ensured by qualitative sources of financing. However, if one does not have qualitative resources for the financing of investments and their volume is disproportionately great--this being the basic characteristic of investment consumption in our country--then investments represent a large hotbed of economic instability.

A large volume of investments along with a very low level of self-financing and a very great involvement of foreign and Yugoslav credits has been with us for a number of years now. If one also adds to this the assessment about large amounts of resources lacking for completion, about bank guarantees having no real cover and being basically a fictitious account, about large obligations arising from annuities which have not been settled, about considerable siphoning off of short-term resources into long-term projects, about turning foreign financial credits into dinar resources, about the use also of resources of the issue for investment purposes, about the discrepancy between investment and development and thus also about not resolving the basic structural problems, about considerable presence of tendencies of autarchic development and the absence of coordination of development programs and of joint investments on this basis, which would contribute to the optimum yields of production capacities--then one gets a complete picture of the sphere of investment consumption as the most delicate spot in our efforts to realize a higher degree of economic stability in the country.

I believe that we should pronounce a severe critical judgment on our attitude towards earlier set tasks of the stabilization policy in the sphere of investments, on our attitude regarding the application of the system of self-managing social planning and towards the tolerance of the practice of techno-bureaucratic decision-making on investments. Of course, the incomplete system in this sphere and the insufficient presence of economic motivation for economic activity and for investments have also had an influence on such a state of affairs. However, it is beyond doubt that megalomaniac investment ambitions and essentially ideopolitical nonacceptance of the stabilization policy in the sphere of investment consumption continued to be strongly pronounced along with the benevolence of conscious socialist factors, their opportunism or their blessings.

Lastly, it should be both understood and accepted that a dynamic development cannot be implemented at any price and even less on the basis of increasing indebtedness abroad, a continuously high balance of payments deficit, a continuous increase in excesses and continuous illiquidity in this sphere. It is our duty to put an end to such practice, such behavior and such a pseudopolicy. What is now needed most in this sphere is a unity of attitude and action. What is inevitable is a breathing space in order that we might reorganize ourselves and make ourselves capable of further progress. In a certain sense, with reference to the dynamism of development and to the rate of growth, we are forced to take a step back in order that we might take two steps forward tomorrow.

Stabilization in the socioeconomic sense in this sphere of reproduction follows the implementation of the system of self-managing social planning and the quickest possible coming into force of the law on the foundations of the socioeconomic relations in carrying out economic activity through the means of expanded reproduction on the basis of past labor, by consolidating economic motives and market factors in economic activity, in the struggle for income, in expanded reproduction and, on these foundations, through the pooling of labor and resources, coordination of development programs, division of labor and specialization. Of course, together with these goes the consciousness and knowledge that the state of affairs inevitably has to be changed together with an offensive ideopolitical action by the League of Communists, resolutely overcoming all forms of resistance to the policy adopted at the 11th LCY Congress and the conclusions of the LCY Central Committee Presidium of November, 1979, on the tasks of communists in implementing the economic stabilization policy.

In opting for further measures of economic stabilization, including the change in the dinar exchange rate, we have counted and are counting on certain problems in the sphere of the standard of living and in the social sphere. For the need to harmonise all aspects of consumption with the realistically available income--implying an increase in this consumption at lower rates than up to now also in relation to the growth rate of the social product--as well as the inevitability of an increase in prices, and thus also of the cost of living, will objectively lead to the exacerbation of some problems of a social nature. Apart from that, the new conditions of economic activity will also demonstrate all the weaknesses of the business activity of individual organizations of associated labor, and the real level of their labor productivity. One, therefore, has also to count on the unfavorable position of these organizations of associated labor and on difficulties regarding the payment of personal income. True enough, this is not a new problem but the difference is that in the new situation the burden of this problem will be somewhat differently distributed and in some organizations of associated labor will appear in greater dimensions. One should also add that calming down all sectors of demand and weakening the domestic boom will lead, should the envisaged expansion in exports not be achieved and the possibilities of a more dynamic housing construction not made use of, to a slowing down of the rate of growth. Therefore, the problem of employment in some environments will become more severe.

All this points to the need for republics and provinces and all organizations of associated labor and municipalities to examine on time the real possible directions of trends in the sense indicated and to fully work out measures and actions which would neutralize the greater negative consequences for the position of individual sections of the working class and the standard of living of citizens as a whole.

With reference to employment, there are no grounds for the assertions that this problem will become more severe this year on the basis of the application of new measures, compared to the orientations contained in the 1980 development resolution. The rate of employment of 3 percent, as envisaged, can be realized because in the preceding months it amounted on the average to 4 percent, that is, above the planned rate. I would like to recall that in the years of the current social plan we have had a high rate of growth in employment of 4.3 percent and this, together with the implementation of the projected rate of growth for this year of 3 percent, makes it possible for us to employ 1 million new workers in this 5-year period. This is undoubtedly a very major result in our development. Our efforts have to be directed mostly at ensuring in the next 5-year period the conditions for relevant rate of employment, a rate that will reduce the dimensions of unemployment to a bearable level. The production potentials available, along with their more rational use and a higher labor productivity, the application of the system of income-based relations and the growing economic motivation in economic activity extend real possibilities for such a policy.

The position of workers employed in organizations of associated labor that work at a loss represents and will continue to represent a particularly complex problem. This is not a new or unknown problem and it is not a problem which can be overcome quickly. As is known, the losses in 1979 amounted to a bit over 18 billion dinars or about 23 percent more than in the preceding year. Information on losses in the first 3 months of 1980 indicate that it is realistic to expect that they will be for this entire year higher than in 1979. Following the change in the dinar exchange rate this estimate appears even more realistic. The causes of the phenomenon of losses in our economy are numerous and there should be no need to talk about them now. It is, however, beyond dispute that they represent a large burden for the trends of reproduction in view of the need for rehabilitation measures and of the resources to finance these measures. Without going into the failures of the investment policy, into the low labor productivity and into the poor business activity, and the like, what is necessary to do now is to separate the causes of objective nature from those of subjective origin. What we have in mind regarding this is above all the examination of the position of organizations of associated labor operating at a loss in primary distribution. With an objective critical analysis one should arrive accurately at the extent to which the economic position is unfavorable on such a basis. This should be followed by an assessment about the real economic perspective of certain productions. Then, on this basis, one makes decisions on the rehabilitation measures and programs or one aims at a reorientation of production where this is realistically possible.

The situation before us imposes the need for speedier work connected with the adoption of the new law on rehabilitation and of the social agreement on guaranteed personal incomes; this would be followed quickly by relevant provisions and agreements in the republics and provinces. The possibility of strengthening the funds of joint reserves should also be examined in order that the necessary resources for the rehabilitation, or a part of these resources, be ensured. What is of particular importance for the resolving of problems of this kind is the timely examination of the possible phenomena of losses and their dimensions as well as of the causes which led to the losses and, on this basis, timely taking relevant measures.

The most important sphere of the struggle to maintain and protect the standard of living is the price. The extent to which the envisaged price policy is consistently implemented is also the extent to which the protection of the standard of living will be successful. The responsibility for this policy is borne by all subjects of decision-making on prices and, therefore, the need for a more intensive social influence on the implementation of this policy is all the greater. The role of the Socialist Alliance and of the Confederation of Trade Unions through which social control in the sphere of prices should be strengthened, is of particular significance.

Of course, in the struggle for the protection of the standard of living and alleviating possible negative social consequences of the measures taken, an important role should be played by the supply policy. The shortages of individual goods on the market in the period up to now sound a warning that we could face such phenomena to a more serious extent in the next period should necessary measures not be taken. In this connection the most important thing is to grasp the real causes of the temporary shortage of individual goods, because it is on this that the direction of action and the nature of the measures depend. First of all one should check the reality of the balance sheet of the needs of basic foodstuffs and other goods necessary for citizens' everyday life; furthermore, examine the available reserves, the available foreign exchange resources for the imports of certain critical goods or for the import of raw material and reproduction material for the production of such goods in our country, the possibilities to supplement existing contracts on supplies and to conclude new ones, the quantity of market reserves and the need to strengthen their role in the next period, and the like. One should also embark, with no less responsibility, on action aimed at combatting monopolistic behavior on the market, phenomena of regional isolationism, refraining from sales in order to bring about higher prices under pressure, as well as at decisive combatting of other real possible speculative tendencies, including misinformation by which a psychosis about a shortage of individual goods is created. The action by market inspection services and by prosecution organs should be made more incisive and should become more successful and decisive and to this the socio-political factors should give their support.

In the immediate period to come, in fact in the period until the end of the year, further major and complex tasks await us. This refers above all to working out the second part of the measures and instruments within the framework of the broader concept of economic stabilization. Furthermore and parallel with this, it refers to working out measures of the common economic policy for the next 5-year period. As well it refers to the adoption of a new social plan that should contain measures of the joint policy and the relevant instruments of the economic activity, in line with the basic concept on the development of self-managing production relations and self-managing organizing of associated labor, in the most direct dependence on the consolidation of economic motives of economic activity and market factors, in fact, a dependence on the development and strengthening of the economic basis of income-linked relations and pooling of labor and resources.

A special session of the LCY Central Committee is planned which will discuss the ideo-political foundations of the next medium-term social development. There is, therefore, no need to enter the discussion of these issues now. We should, however, draw attention to some issues which will be the subject of the work imminent in the months to come.

This refers above all to the further work concerned with the solutions and measures by which we shall exert a more successful influence on the greater opening up of the Yugoslav economy and on the strengthening of economic laws in its trends. In this connection a transformation of the goods regime, of the customs policy and of some parts of the foreign exchange system is expected.

With these changes the basic functions of the goods regime and of the customs policy regarding the protection of Yugoslav production should be established and their present nature as an instrument of balance of payments restrictions eliminated. Parallel with this it will be necessary to carry out relevant adaptation of the balance of payments positions. Furthermore, it will be necessary to create conditions for the revival of the functioning of the Yugoslav foreign exchange market, strengthen foreign exchange reserves, stimulate further foreign exchange savings, strengthen the economic function of amortization and, in this connection, carry out relevant changes in the re-evaluation of basic resources, examine the policy of interest rates, arrive at new solutions in connection with the financing of investments from short-term credits on the basis of the guarantee potential of banks, use of foreign financial credits and the development of internal banks. It goes without saying that, parallel with this, work will go on concerning all other issues to which answers should be given with the adoption of the new social plan.

A particularly significant immediate task is the work on coordinating relations in primary distribution, this being of the greatest importance in the process of consolidating economic motives of economic activity and of market criteria in creating income as a whole. The latest analysis of the relations in primary distribution show that these relations are fairly disrupted. The analyses make certain the assessment that it is through primary distribution that the syphoning off of income from material production to the sphere of goods circulation, services and finances is being carried out, that it is within the framework of material production that redistribution at the expense of the producers of raw material and of basic agricultural produce and for the benefit of those processing and producing final products is carried out. The disharmony of relations in primary distribution among mutually linked and dependent producers represents one of the basic causes of the slow progress in the pooling of labor and resources and in the establishment of more long-term mutual relations on income-based foundations.

The change in the dinar exchange rate will throw fresh light on these relations.

By proceeding from an assessment of relations in primary distribution in a purely general manner, the task which appears necessary is the coordination of relations in primary distribution. In this connection one must proceed from the approach of the basic concept about relations in primary distribution being coordinated under a much more powerful influence of market factors, including the influence of prices on the world market and a positive effect of the world reproduction on the Yugoslav labor productivity and prices. What is of particular significance is that in this way considerably more favorable socioeconomic conditions for pooling labor and resources, for solving problems of production of material and reproduction material on the basis of joint investments and income-lined relations, for a better supply of the market, for greater economic motivation as a whole will be created. There is no doubt that this is also one of the fundamental conditions for the implementation of the economic stabilization policy as a whole.

The work concerning the resolution of all these issues has a special significance in view of the fact that we are on the eve of adopting a new social plan. The need therefore, to speed up the work on the examination of these issues and to provide the right answers and solutions is all the greater.

Comrades, the policy of economic stabilization is not and cannot be a mere economic operation. It also has a social and ideopolitical meaning, all the more so as it has not and cannot have any prospects of success if the basic exponent of the implementation of the economic stabilization policy is not the working class organized in associated labor, of course, with the active support of state measures and of measures which stem from the constitutional and legislative powers of the state. Thus, the implementation of the new economic measures, as a component part of a more complete program of economic stabilization, should assume all the characteristics of the socio-political and ideopolitical action of the first order. All the more so as we are in agreement on the assessment that the struggle for economic stabilization in the present stage is the central point of the struggle for the further consolidation of internal political stability, and the international position of our country, and the main course of the struggle for the further consolidation and development of socialist self-management as the basic and complete system of social relations in our country.

A complete and real knowledge by the working class and the working people of the complexity of the present economic situation and of the essence of the basic problems we face represents the precondition for the full mobilization of all socialist forces of our society to exert a decisive influence, with their own strong actions, in the implementation of the tasks set. Reliance on one's own forces and on the strength and the action of the working class and the working people, reliance on the action by the broadest popular masses should now be the basic orientation of the socio-political action as has been the case many times before when we were forced to resolve even more complex problems and more difficult tasks.

In opting for this measure, the point of departure has also been the assessment that there are enough forces in our society and that there are such production and cadre potentials that we are able to achieve a high degree of organization and of unity in action that results in implementing these measures.

It would be erroneous to harbor illusions that such problems can basically be overcome still next year just as it would be erroneous to reduce the struggle for economic stabilization to a political campaign. The complex nature of the problems and of the causes which generate unfavorable tendencies in economic trends as well as the unfavorable aspect of international economic relations, and in this connection also the need for a realistic approach, lead us to the conclusion that the set goals of the economic stabilization can be realized during the next medium-term plan. It is from this that the need arises that the plans of all organizations of associated labor, of all socio-political communities and the social plan of Yugoslavia for the next 5-year period should be based on a clearly formulated platform of economic stabilization and be founded as fully as possible on the law on self-managing social planning.

The need should be stressed for a full and open political explanation of the causes of the problems we face in the present stage of social development. Basically and essentially problems do not arise and will not arise with the change in the dinar exchange rate, but this change does show up our weaknesses--low labour productivity, inefficiency in business activities, non-rational investments, insufficient economic motives for economic activity, isolationism regarding criteria of economic activity in world dimensions, and the like. Therefore, the change in the dinar exchange rate is certain to bring problems where all the weaknesses are most pronounced. Therefore, when we speak today about sacrifices or self-sacrifices, a thoroughly honest answer should be given to the question: What are we denying ourselves?

What we are denying ourselves mostly is that part of the standard of living realized at the expanse of an income not earned and that part of the dynamics of development which leads to growing and excessive indebtedness abroad and to continuous large deficits in the balance of payments, with all its consequences. Of course, all this does not refer to everybody to an equal degree. But this is, nevertheless, the characteristic of our entire situation.

It is also necessary to point out the lessons we have learned from earlier periods when certain forces counted on the strengthening of the role of the state and of its intervention in conditions of a worsening economic situation. Now, too, it is possible to encounter dangers of this kind just as a regular companion of such situations is also making a fetish out of market laws and thus also abandoning things to uncontrollable development. One should know to avoid all hidden rocks of this kind along the path of the struggle for economic stabilization. The self-managing organizational standards of associated labor along with the increasingly efficient development of its role in line with the Law on Associated Labor and other basic legislation, the increasingly developed system of self-managing agreement-reaching and social negotiations, along with the strengthened role of delegate assemblies and of assemblies of self-managing interest communities where the coordination of interests is carried out, along with the consistent application of the role of the state as defined by legislation and along with well-organized, intensive and continuous ideopolitical work of the League of Communists and of other sociopolitical organizations, represent the real path which can ensure success.

And lastly in the present situation when much business and many tasks are ahead of us and when all necessary measures in connection with economic stabilization policy as well as the social plan have to be adopted, the responsibility of all subjects of self-managing agreement-reaching and social negotiations should be intensified.

And in this respect, the League of Communists, the SAWPY and the Confederation of Trade Unions too have a significant role and greater obligation.

BAKARIC ENTERS CLINIC FOR CHECK-UP

LD171722 Belgrade TANJUG Domestic Service in Serbo-Croatian 1700 GMT 17 Jun 80

[Text] Belgrade--Dr Vladimir Bakaric, member of the SFRY Presidency and the LCY Central Committee Presidium, has entered the clinical center in Ljubljana for a check-up of his general state of health and treatment.

[Signed] The SFRY Presidency.

MIJATOVIC CHAIRS DEFENSE COUNCIL SESSION

LD172330 Belgrade TANJUG in English 1619 GMT 17 Jun 80

[Text] Belgrade, June 17 (TANJUG)--The Council for National Defense of the Presidency of Yugoslavia held its session chaired by Cvijetin Mijatovic, president of the Presidency of Yugoslavia, here today. The council members paid their respects to the late president of Yugoslavia and chairman of the council, Josip Broz Tito. The current questions of the development and strengthening of Yugoslavia's Armed Forces were discussed at the session.

MINIC ADDRESSES VALJEVO POLITICAL AKTIV

ID172332 Belgrade TANJUG Domestic Service in Serbo-Croatian 1959 GMT 17 Jun 80

[Text] Valjevo--Milos Minic, member of the LCY Central Committee Presidium and chairman of the Federal Council for International Relations, has spoken at a meeting of the political aktiv of the Valjevo and neighboring municipalities on topical foreign political questions.

Minic emphasized, inter alia, that the international situation has been grave for a considerable period of time. Tension has grown between the blocs and the big powers, usually to the detriment of nonaligned countries. He said that the existing international crises are being solved slowly while new ones are emerging. The blocs and the big powers particularly threaten independent nonaligned countries in certain regions. Minic further pointed out the need for a more rapid activization of the nonaligned movement and for its greater influence on the settling of all the conflicts in the world.

Minic went on to speak about the economic situation in the world, stressing that it was very grave and that it was especially affecting the developing countries which were in an increasingly difficult situation. Commenting in this connection on the economic situation in the country, Minic stressed that the actions taken by the Federal Executive Council were aimed at bringing consumption into line with the social product and at improving the balance of payments with foreign countries.

SEVEN MEMBERS OF TERRORIST GROUP SENTENCED IN ZAGREB

ID171700 Belgrade TANJUG Domestic Service in Serbo-Croatian 1502 GMT 17 Jun 80

[Text] Zagreb--The five-man council of the district court in Zagreb, chaired by Judge Vladimir Sucevic, today found seven members of an illegal terrorist group from Zagreb and Samobor guilty. He handed down the following sentences:

Andrija Mart, 45, car mechanic from Samobor, 15 years imprisonment; Franjo Belancic, 38, shop assistant from Zagreb, 13 years; Stjepan Jankovic, 62 sanitation inspector from Zagreb, 8 years; Ivo Juric, 36, taxi driver from Zagreb, 10 years; Djuro Krznar, 43, stonecutter and mason from Samobor, 7 years; Branko Hodak, 46, tradesman from Zagreb, 6 years; and Vladimir Uzelac, 37, electrical engineer from Zagreb, 5 years.

During the 11-day public trial, all the accused and numerous witnesses were heard. Evidence was presented which established that the accused had in the past 5 years in the area of Zagreb and Samobor, and in particular in the Samobor village of Strmec, set up an illegal, seven-member terrorist group organized in "two's" and "three's", whose plan had been to undermine the foundations of our socialist self-managing social system and the security of the SFRY through diversions and even the assassination of individual persons. For this purpose they had linked up--through Andrija Mart, temporarily employed in the FRG, and Ivo Juric--with the most extreme members of the terrorist, facist, emigre organization in the FRG, from whom they received their orders.

To this end they also brought into our country a large quantity of pistols, dynamite and timing mechanisms, which were found when they were arrested and were presented at the trial as evidence.

Until the sentences become effective, all seven of them are being detained in custody in Zagreb.